



सत्यमेव जयते

**REPORT OF THE  
COMPTROLLER AND AUDITOR GENERAL OF INDIA  
ON  
SOCIAL, ECONOMIC, GENERAL AND REVENUE SECTORS  
FOR THE YEAR ENDED 31 MARCH 2020**



लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest

**GOVERNMENT OF ARUNACHAL PRADESH  
(Report No. 2 of 2022)**

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## TABLE OF CONTENTS

	<i>Paragraphs</i>	<i>Pages</i>
Preface		v
Overview		vii
<b>CHAPTER-I: INTRODUCTION</b>		
About this Report	1.1	1
Profile of the Office of the Principal Accountant General, Arunachal Pradesh	1.2	1
Planning and conduct of Audit	1.3	2
Significant Audit Observations	1.4	2
<b>CHAPTER-II: SOCIAL SECTOR</b>		
Introduction	2.1	5
<i>Performance Audit</i>		
<b>Public Health Engineering and Water Supply and Urban Development and Housing Departments</b>		
Implementation of the Swachh Bharat Mission in Arunachal Pradesh	2.2	7
<i>Compliance Audit Paragraph</i>		
<b>Urban Development and Housing Department</b>		
Mis-appropriation of funds leading to non-completion of project	2.3	46
<b>CHAPTER-III: ECONOMIC SECTOR</b>		
Introduction	3.1	51
<i>Performance Audit</i>		
<b>Horticulture Department</b>		
Development and Promotion of Horticulture in Arunachal Pradesh	3.2	53
<i>Compliance Audit Paragraphs</i>		
<b>Rural Development Department</b>		
Fraudulent payment	3.3	107
<b>Public Works Department</b>		
Doubtful Expenditure	3.4	111
Loss of Government money	3.5	112
Undue Financial Benefit to Contractors	3.6	114
Excess payment to contractor	3.7	117
Avoidable extra expenditure	3.8	119
<b>Hydro Power Development Department</b>		
Extra avoidable Expenditure	3.9	122

	<i>Paragraphs</i>	<i>Pages</i>
<b>CHAPTER-IV: GENERAL SECTOR</b>		
Introduction	4.1	125
<b>CHAPTER-V: REVENUE SECTOR</b>		
Introduction	5.1	127
Audit Planning and Result of Audit	5.2	133
Coverage of this Chapter	5.3	134
<i>Compliance Audit Paragraphs</i>		
<b>Geology and Mining Department</b>		
Non-levy of Additional Royalty	5.4	134
<b>Land Management Department</b>		
Non-realisation of Land Revenue	5.5	135
<b>Tax &amp; Excise Department</b>		
Non-realisation of Entry Tax from importer	5.6	137
Non-levy of Penalty	5.7	138
Loss of Revenue due to non-implementation of amended Rules in respect of Holograms	5.8	139
<b>CHAPTER-VI: ECONOMIC (STATE PUBLIC SECTOR UNDERTAKINGS) SECTOR</b>		
Functioning of State Public Sector Undertakings	6.1	141
<b>CHAPTER-VII: FOLLOW-UP OF AUDIT OBSERVATIONS</b>		
Follow up Action on Audit Reports	7.1	151
Audit Committee Meeting	7.2	151
Response to Audit Observations	7.3	152

## APPENDIX

Appendix	Subject	Page (s)
2.1 A	Statement showing the details of sample District-wise [SBM (G)] selection of number of IHHs, anganwadi centres and schools	155
2.1 B	Statement showing the details of sample District-wise [SBM (U)] selection of number of IHHs	156
2.2	Delay in release of Central Share and State Share in respect of SBM (U)	157
2.3	Delay in release of fund in respect of SBM (G)	158
2.4	Unauthorised expenditure on construction of Pig-sty under SLWM	159
2.5	Statement showing the Open Defecation Free (ODF) Status in the State	160
2.6	Statement showing the details of Physical verification of beneficiaries	161
3.1	List of schemes implemented by the Department	162
3.2	Details of fund requirement, released and expenditure under MIDH	164
3.3	Details of NEC funded project	165
3.4	Fund allocation and release under PMKSY	168
3.5	Implementation of Area Expansion programme	169
3.6	Details of Expenditure incurred in Establishment of Biotechnology Training and Development Centre in Ziro	170
3.7	Details of Tax to be deducted from suppliers bills	171
3.8	Statement showing the fund earmarked for districts	172
3.9	Delay in release of fund to implementing agency	173
3.10	Statement showing expenditure on repair maintenance and replacement	174
5.1	Details of payment of royalty by M/s Geo Enpro Petroleum Limited	176
5.2	Details of non-realisation of Annual Lease Rent (ALR)	177
5.3	Details of unrealised Entry Tax from M/s Satyaratan Ispat (VAT TIN: 12041657192)	178
5.4 A	Details of non-filing of Quarterly VAT Returns (FF-01)	180
5.4 B	Details of non-filing of monthly VAT Returns (FF-01)	182
5.5	Details of loss of revenue due to non-realisation of hologram fee	186

<b>Appendix</b>	<b>Subject</b>	<b>Page (s)</b>
6.1	Summarised financial position and working results of SPSUs (all Government companies) as per their latest finalised financial statements/accounts as on 30 September 2020	189
6.2	Statement showing rate of Real Return on Government Investment	191
7.1	Statement showing details of Explanatory Notes on Paragraphs of Audit Report pending as of March 2021	192
7.2	Details of outcomes of Public Accounts Committee meeting (PAC) held during 2019-20	195
7.3	Statement showing details of outstanding paras to be discussed in PAC/ CoPU as of March 2020	196
7.4	Status of outstanding Action Taken Notes (ATNs) on the recommendations of the Public Accounts Committee (PAC) as of March 2020	197

# PREFACE

- 1. This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor of Arunachal Pradesh under Article 151 of the Constitution of India for being laid on the floor of the State legislature.*
- 2. This Report contains significant results of compliance audit of the Departments of the Government of Arunachal Pradesh under Social, Economic, General and Revenue Sectors including Urban Development & Housing Department, Public Health Engineering & Water Supply Departments, Public Works Department, Trade & Commerce Department, Hydro Power Development Department, Geology & Mining Department, Land Management Department and Tax & Excise Department.*
- 3. The cases mentioned in the Report are those which came to notice in the course of test audit during the year 2019-20, as well as those which came to notice in earlier years, but could not be dealt with in the previous Reports. Matters relating to the period subsequent to 2019-20 have also been included, wherever necessary. The Report has been finalised after considering the response of the Government Departments, wherever received.*
- 4. Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.*



# **EXECUTIVE SUMMARY**



# OVERVIEW

## Chapter –I: Introduction

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from the test audit of transactions of various departments of the Government of Arunachal Pradesh pertaining to General, Economic and Revenue Sectors. The primary purpose of this Report is to bring to the notice of the State Legislature the significant results of audit.

During 2019-20, total 202 units out of 1,201 units, were planned for audit after carrying out risk assessment and keeping in view the available manpower, of which 188 units were actually audited during 2019-20. This Report *inter alia* contains 13 compliance audit paragraphs and two performance audits viz. “Implementation of the Swachh Bharat Mission in Arunachal Pradesh” and “Development and Promotion of Horticulture in Arunachal Pradesh”. A synopsis of the important findings contained in this Report is presented in this Executive Summary.

## Chapter-II: Social Sector

### Public Health Engineering & Water Supply and Urban Development & Housing Departments

#### Performance Audit on ‘Implementation of the Swachh Bharat Mission in Arunachal Pradesh’

A Performance Audit on ‘Implementation of the Swachh Bharat Mission (SBM) in Arunachal Pradesh’ was carried out covering the period from 2014-15 to 2019-20 revealed which several deficiencies in implementation of programme/ schemes as highlighted below.

State Sanitation Strategy, which defines the state targets, resource allocation and unified approach for Urban Local Bodies (ULBs) to achieve strategic goals in a systematic time-bound manner, and City Sanitation Plan for 28 urban centers which is defined as short, medium and long term measures for ULBs on issues of governance, technical, financial, capacity building, raising awareness, pro-poor interventions, *etc.* was not prepared in SBM (Urban).

The objectives of SBM (Gramin), were not achieved by 02 October 2019 due to non-inclusion of all the households without toilet in the baseline survey, in the absence of effective Village Water Sanitation Committees (VWSC). As a result, the Department had to construct excess of 44,712 IHHLs (during the period 2014-15 to 2019-20) than the target set in Project Implementation Plan to cover the households which were not included in the baseline survey. Also, District Swachhata Plans (DSP) at five selected sample Districts were not prepared in SBM (G).

ODF status was not declared in SBM (U) as the targets for construction of IHHL, Community Toilet (CT) and Public Toilet (PT) in SBM (U) were not achieved. In SBM (G), ODF was declared without ensuring access to functional toilets by students in schools and anganwadi centres.

In absence of strong monitoring mechanism and evaluation studies by the State Government or any state appointed agency, the State Government had missed the opportunity to acquire timely actionable insight into usage and maintenance of the facilities created through SBM.

***Recommendations:***

***The State Government may-***

- ***ensure that the targets for Open Defecation Free status under SBM (Urban) could be achieved at earliest.***
- ***constitute and involve District Swatch Bharat Mission Management Committee in preparation of District Sanitation Plan at district level. Also, Village Water Sanitation Committee may be actively involved during survey for further inclusion of Individual Households (IHHs) with defunct, insanitary and emerging new IHHs without toilets for achieving Open Defecation Free status under SBM (Gramin).***
- ***expedite the process for preparation of City Sanitation Plan for 28 urban centres and State Sanitation Strategy under SBM (Urban).***
- ***ensure to provide/ make functional the toilets to the schools and anganwadi centers with water supply and also take steps to provide toilets to the IHHs whose toilets became defunct.***
- ***introduce effective monitoring mechanism for proper implementation of the Mission objectives and conduct evaluation studies through reputed institutions/ organisation and take periodical remedial action on the basis of the observations made in these evaluation studies. Moreover, steps may also be taken for conducting Social Audit.***

**(Paragraph 2.2; Page 7)**

### **Urban Development & Housing Departments**

Deputy Director, UD&HD, Bomdila Division misappropriated Government money of ₹1.43 crore in nine components under the project “Construction of Vendors Market Shed at Dirang” leading to non-completion of project as per approved specification and the project remaining idle for more than three years from the date of completion.

***Recommendation:***

***The State Government may take appropriate action against the concerned Deputy Director after fixing the responsibility for certifying incomplete building as completed. Further, the State Government may also take action against the contractor for claiming of bills without executing works and steps may be taken to recover the amount from the contractor. The assets created may be utilised appropriately.***

**(Paragraph 2.3; Page 46)**

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## Chapter-III: Economic Sector

### Horticulture Department

#### Performance Audit on ‘Development and Promotion of Horticulture in Arunachal Pradesh’

A Performance Audit on Development and Promotion of Horticulture in Arunachal Pradesh, carried out covering the period from 2015-16 to 2019-20, revealed several deficiencies in implementation of programme/schemes which are highlighted below.

The Department had not prepared long term plan such as Strategic/ Perspective Plan, State Agricultural Policy *etc.* due to which the State could utilise only 3.50 *per cent* (0.63 lakh Ha) of potential land available (18.00 lakh Ha) for horticulture activities. The Department prepared the State Annual Action Plans (AAPs) for the years from 2015-16 to 2019-20 for onward submission to the Ministry. However, the State AAPs did not flow from the District Plans. Hence, the AAPs of the State were not demand driven. An overall expenditure of ₹541.01 crore was incurred against the budget provision of ₹642.71 crore during 2015-16 to 2019-20 resulting in shortfall of ₹101.70 crore (16 *per cent*) basically due to delays in transmission of Government of India (GoI) funds by the Government of Arunachal Pradesh (GoAP) to the scheme implementing agency besides delay in submission of Utilisation Certificates, and consequent failure of GoAP to avail the subsequent instalments from the GoI. Against the total authorisation of only ₹960.00 lakh under two State Schemes, the Directorate and District Officers drew ₹1,720.41 lakh resulting in excess drawal of ₹760.41 lakh due to drawal of money by the District Officers through treasury even before issue of expenditure authorisation by the Government based on the sanction.

There was decline in the area, production and productivity of the crops which indicated that the Department could not achieve its major objective of enhancing production and productivity of important horticulture crops in the State despite an expenditure of ₹359.53 crore from 2015-16 to 2018-19 (due to Covid, the Department could not update the data for area under cultivation, production and productivity after 2018-19). Out of 12 projects closed by North Eastern Council (NEC), 11 beneficiary oriented projects had a target of planting 4,305 Ha with a potential of annual income of ₹104.15 crore to farmers out of which the Department achieved 2,365.82 Ha resulting in shortfall of 1,939.18 Ha having a potential to earn ₹44.24 crore. The State Government had not earmarked or spent its own resources to revive these projects. Thus, due to closure of the projects by NEC and non-revival of the projects by the State Government, the intended objectives of the projects were not achieved.

There was total avoidable expenditure of ₹61.30 lakh in the two sampled Districts due to procurement of planting materials at higher rate. Further, barbed wires were procured without assessing the requirement as per guidelines which resulted in excess procurement of barbed wires costing ₹58.04 lakh in three sampled Districts. Due to absence of nurseries for State Horticulture Research and Development Institute (SHRDI) for research on quality planting materials and production of planting materials, the State is still deprived of quality planting materials of its own compelling the Department of Horticulture, GoAP to rely on import of planting materials which is a matter of concern as this has led to entry of foreign diseases affecting the existing garden.

The capacity of one cold storage as per Detailed Project Report (DPR) was 160 MT. As per Mission for Integrated Development of Horticulture (MIDH) guidelines, the cost of 160 MT of cold storage was ₹16.00 lakh of which ₹8.00 lakh (50 per cent) shall be government assistance. However, the Department had released assistance of ₹90.00 lakh resulting in excess payment of ₹82.00 lakh. The Department made advance payment of 90 per cent of contract amount (₹1,350.00 lakh) for construction of three Centres of Excellence (CoEs) to North Eastern Regional Agricultural Marketing Corporation (NERAMAC) Limited in violation of General Financial Rules. Moreover, the Department did not obtain Bank Guarantee (BG)/ Performance Guarantee (PG) to safeguard the interests of the Government. Also, the Department did not impose a penalty of ₹104.30 lakh for non-completion of the work within the stipulated period of six months in absence of the BG/ PG. The monitoring mechanism needs to be strengthened to achieve the optimum expansion in horticulture sector and the assets created may be utilised for increasing the per capita income of the beneficiaries.

**Recommendations:**

**The State Government may-**

- *take appropriate steps to prepare the holistic Strategic/ Perspective Plan after consulting with the stipulated agencies and conducting base line survey to provide the roadmap for long term horticulture development in the State.*
- *take necessary steps to prepare District-wise Annual Action Plans and it may also be ensured that the State level AAP is prepared by consolidating those district level plans. Further, it may also be ensured that AAPs flow from the Strategic/ Perspective Plan.*
- *ensure to release the funds within the stipulated timeframe to the implementing districts for effective implementation of the projects/ schemes.*
- *contribute the share of the beneficiary wherever beneficiary contribution is dispensed with.*
- *take steps to revamp and upgrade the non-functional vermicompost, greenhouse etc. to make the nurseries more efficient.*
- *ensure completion and commercial operation of post-harvest management initiatives like establishment of cold storage facility and processing units where assistance has been extended.*
- *strive to develop skills of farmers and local youth through capacity building to create employment opportunities.*
- *strengthen the monitoring mechanisms followed by evaluation study to ensure optimum outcome from the implemented projects/ schemes.*

(Paragraph 3.2; Page 53)

**Compliance Audit Paragraphs**

**Rural Development Department**

The Project Director, DRDA, Aalo, West Siang District, incurred fraudulent payment of ₹94.41 lakh on procurement and carriage of Corrugated Galvanised Iron Sheets

weighing 130.07 MT in ‘Passenger Auto rickshaw’ and a ‘Motor cab’ from procurement point to office store in Aalo beyond payload capacity of these vehicles. Besides, doubtful expenditure of ₹3.32 crore was incurred as transaction details were not reflected in suppliers’ tax turn over.

**Recommendation:**

***The State Government may further investigate the case and appropriate action may be taken against concerned persons after fixing responsibility. The State Government may also lodge FIR for fraudulent payment.***

***(Paragraph 3.3; Page 107)***

### Public Works Department

The Executive Engineer (E.E) PWD, Yomcha Division claimed to have incurred an expenditure of ₹1.22 crore on execution of maintenance works with inconsistencies in names of contractors in Work Orders, Measurement Books (MBs) and Abstract of MBs which indicated fabrication of records and lack of authenticity in measurement of works.

**Recommendation:**

***The State Government may take appropriate action after fixing responsibility against concerned Executive Engineer/ Sub-Divisional Officer/ Junior Engineer. Since the modus operandi was creating liabilities without ensuring availability of fund, the Department needs to strengthen internal controls and monitoring over execution of work.***

***(Paragraph 3.4; Page 111)***

The Executive Engineer, PWD, Gensi Division failed to levy and collect departmental charges on construction work undertaken on behalf of NHPC Ltd., resulting in loss of Government money to the tune of ₹2.05 crore.

**Recommendation:**

***The Department may expedite to recover Departmental Charges from the client Department.***

***(Paragraph 3.5; Page 112)***

The Executive Engineer, PWD, Pasighat Division executed work at higher rates instead of rates applicable at the time of execution of the works, which resulted in extending undue financial benefit of ₹1.04 crore to contractors.

**Recommendation:**

***Government may take appropriate action after fixing responsibility against concerned persons. The Government may also strengthen internal control under the Department to ensure economy and transparency in execution of work.***

***(Paragraph 3.6; Page 114)***

The Executive Engineer, PWD, Basar, floated Tenders deviating from the Technically Sanctioned estimate and awarded excavation of soil/ rock by mechanical means at the rate of excavation by manual means (higher rate), resulting in undue benefit to the Contractor - ₹43.27 lakh.

**Recommendation:**

***The State Government may take appropriate action after fixing responsibility against concerned person. The State Government may also take steps to recover the excess amount from the contractor.***

***(Paragraph 3.7; Page 117)***

The Executive Engineer (EE), PWD Chayangtajo division incurred an avoidable extra expenditure of ₹65.72 lakh in a project 'Construction of Outdoor Stadium at Chayangtajo in East Kameng District, Arunachal Pradesh' due to award of the work to the highest (L2) bidder by fixing irregular justified rate.

**Recommendation:**

***The State Government may take appropriate action to fix the responsibilities against the concerned person(s).***

***(Paragraph 3.8; Page 119)***

### Hydro-Power Development Department

Procurement of Electro-Mechanical (E&M) equipment for Payu SHP (2 x 500 KW) in Koloriang without setting up of Project Stores, or dovetailing completion of Approach Road up to work site, led to storage of equipment in an open yard for more than three years and resulted in avoidable expenditure of ₹2.99 crore on repair and maintenance and transportation of equipment.

**Recommendations:**

- ***The State Government may take appropriate steps against the concerned Chief Engineer/ Superintendent Engineer/ Executive Engineer for extending an undue advantage to the firm.***
- ***The State Government may take appropriate steps against the concerned Executive Engineer for non-completion of the approach road in due time and non-provision of proper space/ shelter, which led to deterioration of equipment.***
- ***The State Government may take appropriate action after fixing responsibility against the concerned Chief Engineer/ Superintendent Engineer/ Executive Engineer for the extra avoidable expenditure due to non-completion of the approach road, extending undue favour to and non-recovery from the concerned firm.***

***(Paragraph 3.9; Page 122)***

## Chapter-V: Revenue Sector

### Trend of Revenue receipts

The total Revenue Receipts of the State Government declined by ₹1,307.41 crore (8.07 per cent) over the previous year. The decrease was mainly due to fall in the Share of net proceeds of divisible Union taxes and duties by ₹1,448.57 crore (13.88 per cent) and Grants-in-Aid by ₹62.04 crore (1.52 per cent). The Tax and Non-Tax Revenue of State Government increased by ₹160.69 crore (15.05 per cent) and 42.51 crore (6.98 per cent) during the same period.

*(Paragraph 5.1.1; Page 127)*

During 2019-20, out of 153 auditable units, 31 units (20 per cent) were planned for audit under revenue sector and 28 units (18 per cent) were actually audited.

*(Paragraph 5.2; Page 133)*

### Compliance Audit Paragraphs

#### Geology and Mining Department

Geology and Mining Department failed to realise additional Royalty of ₹1.94 crore from the Oil Industries Development Board (OIDB) for delay in payment of differential Royalty.

**Recommendation:**

*The State Government may take up action with OIDB and additional royalty may be realised.*

*(Paragraph 5.4; Page 134)*

#### Land Management Department

Failure of three District Land Revenue Settlement Officers (DLRSOs) to realise Annual Lease Rent (ALR) of ₹45.58 lakh from private individuals against allotted Government land for residential and commercial purposes.

Failure of the District Land Revenue Settlement Officer (DLRSO), Pasighat to realise Land Premium of ₹0.91 lakh, Annual Lease Rent (ALR) of ₹26.06 lakh and interest of ₹19.91 lakh from a Hydropower company resulted in loss of revenue of ₹46.88 lakh.

**Recommendation:**

*The State Government may expedite action to recover outstanding Land Revenue.*

*(Paragraphs 5.5.1 and 5.5.2; Pages 135 and 136)*

#### Tax and Excise Department

Superintendent of Taxes (ST), Banderdewa failed to realise Entry Tax of ₹14.79 lakh from an importer for which interest of ₹4.63 lakh is also leviable.

**Recommendation:**

***The State Government may take appropriate action for immediate recovery of the tax and interest from the dealer.***

***(Paragraph 5.6; Page 137)***

The Superintendent of Taxes, Changlang failed to levy penalty of ₹19.79 lakh from 29 VAT Registered Dealers for non-submission of returns (FF-01) within due date.

**Recommendation:**

***The State Government may expedite action to recover balance outstanding amount from the dealers.***

***(Paragraph 5.7; Page 138)***

The Commissioner, Tax & Excise, Department failed to mandate the use of holograms by the Manufacturers/ Bottlers/ Bonded Warehouses operating in the State resulting in loss of revenue of ₹3.10 crore.

**Recommendation:**

***The State Government may ensure the implementation of rules enacted by the State Legislature.***

***(Paragraph 5.8; Page 139)***

## **Chapter-VI: Economic Sector (PSUs)**

As of 31 March 2020, there were seven PSUs (all Government Companies) in Arunachal Pradesh. None of these Companies are listed on the Stock Exchange. During the year 2019-20, no SPSU was added to the audit jurisdiction of Principal Accountant General, Arunachal Pradesh. No existing SPSU was closed down during the year.

***(Paragraph 6.1.1; Page 141)***

### **Investment in SPSU**

As of 31 March 2020, the State's investment in the seven PSUs was ₹27.87 crore, comprising 69.93 per cent towards capital and 30.07 per cent in long-term loans, which remained constant during last five years. The thrust of investment was mainly in the Finance and Power sectors, which had around 38 per cent and 37 per cent of the total investment respectively, as on 31 March 2019.

***(Paragraph 6.1.2; Page 141)***

### **Rate of Real Return on Government Investment**

During the year 2019-20, out of six working PSUs, four PSUs earned profit (₹ 6.07 crore), while the remaining two PSUs incurred loss (₹ 2.49 crore) as per their latest finalised accounts. Based on the historical value of investment, the Return for 2019-20 on State Government investment worked out to 8.84 per cent as against the Rate of Real Return

of 2.88 *per cent* on the investment at present value. This difference in percentage of return was on account of the adjustment made in the investment amount for the time value of money.

*(Paragraph 6.1.9; Page 148)*

### **Chapter VII Follow up of Audit Observations**

During 2019-20, two Public Accounts Committee (PAC) meetings were held in September 2019 and January 2020 after a gap of eleven months. The Committee selected total 86 Paragraphs in respect of 15 Departments pertaining to the period from 2008-09 to 2016-17 for discussion and dropped 81 Paragraphs.

*(Paragraph 7.1; Page 151)*

As of March 2020, 6,292 Paragraphs relating to 1,091 Inspection Reports (IRs), involving ₹6,366.73 crore were outstanding. Out of 1,091 IRs, the first replies to 485 IRs have not been received.

***Recommendation:***

***The State Government may ensure the replies to IRs/ Audit Paragraphs are sent as per prescribed time schedule and losses/ outstanding advances/ overpayments pointed out in audit are recovered in a time bound manner.***

*(Paragraph 7.3; Page 152)*





**CHAPTER – I**  
**INTRODUCTION**



# CHAPTER – I: INTRODUCTION

## 1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) has been prepared in seven chapters. Chapter I is Introduction to this Audit Report. Chapters II to VI deal with Social, Economic (other than State Public Sector Undertakings), General, Revenue, Economic (State Public Sector Undertakings) Sectors respectively and Chapter VII deals with Follow up of Audit observations.

This Report relates to matters arising from the test audit of transactions of various departments of the Government of Arunachal Pradesh pertaining to Social, Economic (other than Public Sector Undertakings), General, Revenue and Economic (Public Sector Undertakings) Sectors.

The primary purpose of this Report is to bring to the notice of the State Legislature, significant results of audit. Auditing standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective action, to frame appropriate policies as well as to issue directives that will lead to improved financial management and contribute to better governance.

This chapter in addition to explaining the planning and coverage of audit, provides a synopsis of significant instances of non-compliance with applicable laws, rules, regulations, various orders and instructions issued by competent authorities.

## 1.2 Profile of the Office of the Principal Accountant General, Arunachal Pradesh

Principal Accountant General, Arunachal Pradesh is looking after both the functions of Audit and Accounts in the State. The Entitlement function in Arunachal Pradesh is with the State Government.

The Office of the Principal Accountant General, Arunachal Pradesh conducts audit of the Government Departments, Public Sector Undertakings, Autonomous Bodies and other Institutions<sup>1</sup> under Social, Economic, Revenue and General Sectors, which are spread all over the State as per the mandate of the C&AG. The Principal Accountant General is assisted by one Deputy Accountant General and other staff.

The authority of audit is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (C&AG's (DPC) Act). Under Section 13 of the C&AG's (DPC) Act, the Office of the Principal Accountant General has been entrusted with the audit of all expenditure incurred from the Consolidated Fund of Government of Arunachal Pradesh (GoAP). This office conducts audit of revenue receipts of GoAP under Section 16 of the C&AG's (DPC) Act. This office also conducts supplementary audit of the Balance Sheet of all State Government companies under Section 143 (6) (a) of the Companies Act, 2013. This office is responsible for audit of the accounts of autonomous bodies

<sup>1</sup> Government funded Non-Governmental Organisations like Rama Krishna Mission, Pui Welfare Society *etc.*

and authorities falling under Sections 14, 15, 19 (2), 19 (3) and 20 (1) of C&AG's (DPC) Act. The C&AG prescribes the principles and methodologies for various audits in the Auditing Standards and the Regulations on Audit and Accounts, 2007.

### **1.3 Planning and conduct of Audit**

Audit process commences with the assessment of risk to the departments/ audit units based on the volume and nature of expenditure incurred, criticality/ complexity of activities, priority accorded for the activity by the Government, level of delegated financial powers, assessment of internal controls, concerns of stakeholders, previous audit findings, *etc.* Based on this risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan for the next year is formulated to conduct audit.

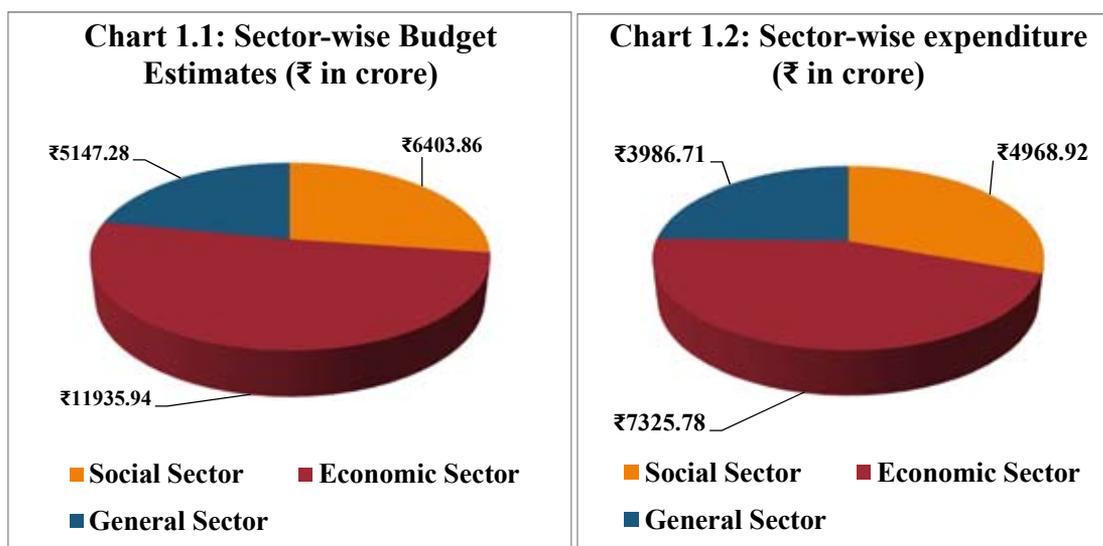
After completion of each audit, Inspection Report (IR) containing audit findings is issued to the Head of the unit with a request to furnish replies within one month of receipt of the IR. Wherever replies are received, audit findings are reviewed and either settled or further action for compliance is advised. Significant audit observations pointed out in these IRs, which require attention at the highest level in the Government, are processed for inclusion in C&AG's Audit Report which are submitted to the Governor of Arunachal Pradesh under Article 151 of the Constitution of India for causing them to be laid on the table of the State Legislature.

Annual Audit Plan for 2019-20 was prepared in such a way that it fitted into the long term and short term goals of audit in consonance with the overall "Vision and Mission" of the Indian Audit and Accounts Department. It was prepared after carrying out risk assessment and keeping in view the available manpower. Elements of the Audit Quality Management Framework (AQMF) *viz.* materiality, inputs from Voucher Level Computerisation (VLC), financial size of the units, data from various e-governance initiatives taken by government, flagship programme undertaken by auditees, press criticism/ electronic media coverage, expected audit impact and continuous improvement based on past experience, *etc.* were taken into account to the extent possible while formulating the plan. A sector-wise analysis of government spending, investment policy of the government in infrastructure development, industrialisation and socio-economic activities along with due consideration of possible audit impact were taken into account in prioritising auditee units for preparing the audit plan.

Considering the availability of resources, focus has been given to areas of high financial risk than to the resources thinly spread out throughout the Government activities. This would have better socio-economic impact and add value to the governance. Out of the total 1,201 audit units (excluding local bodies) under the audit jurisdiction of this office, 202 audit units were planned to be covered in audit during 2019-20. However, 188 units were actually audited during 2019-20.

### **1.4 Significant Audit Observations**

During the year 2019-20, the State Government had incurred an expenditure of ₹16,281.41 crore against the budget provision of ₹23,487.08 crore (69.32 *per cent*) under Social, Economic and General Sectors. Sector-wise expenditure is depicted in the **Chart Nos. 1.1 and 1.2.**



Source: Appropriation Accounts, 2019-20

Out of total expenditure of ₹16,281.41 crore, the State Government incurred ₹12,218.74 crore (75.05 per cent) as revenue expenditure. The remaining ₹4,062.67 crore was capital expenditure (24.95 per cent). Out of total revenue expenditure, ₹4,917.24 crore (40.24 per cent) was incurred on salaries, the details are shown in **Table 1.1**.

**Table 1.1: Details of sector wise expenditure on salary**

Sector	Revenue expenditure	Salary expenditure	Percentage
Social	4,234.42	1,986.10	46.90
Economic	4,438.79	1,677.39	37.79
General	3,545.52	1,253.75	35.36
<b>Total</b>	<b>12,218.74</b>	<b>4,917.24</b>	<b>40.24</b>

Source: Appropriation Accounts, 2019-20

This Report *inter alia* contains 13 compliance audit paragraphs and two performance audit reports viz. “Implementation of the Swachh Bharat Mission in Arunachal Pradesh” and “Development and Promotion of Horticulture in Arunachal Pradesh”. These audit findings are based on test check of the transactions of 188 units<sup>2</sup> involving an expenditure of ₹30,732.27 crore<sup>3</sup> under Social, Economic, General and Revenue Sectors of the GoAP. Significant audit findings are discussed in the respective succeeding chapters.

<sup>2</sup> Social Sector: 65 units, Economic Sector: 70 units, General Sector: 25 units and Revenue Sector: 28 units

<sup>3</sup> ₹23,504.44 crore under Social Sector; ₹4,925.13 crore under Economic Sector and ₹2,302.71 crore under General Sector





**CHAPTER – II**  
**SOCIAL SECTOR**



## CHAPTER – II: SOCIAL SECTOR

### 2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2020 deals with the audit findings on State Government Departments under the Social Sector.

During the year 2019-20, total budget allocation of the State Government in Departments under Social Sector was ₹6,403.86 crore, against which the actual expenditure was ₹4,968.92 crore (77.59 per cent). The Department-wise details of budget allocation and expenditure are given below.

**Table 2.1: Budget allocation and expenditure under Social Sector**

(₹ in crore)

Sl. No.	Department	Budget			Expenditure			Expenditure (in per cent)
		Revenue	Capital	Total	Revenue	Capital	Total	
1.	Art and Culture Affairs	12.57	5.80	18.37	9.10	3.41	12.52	68.14
2.	Disaster Management	79.93	4.00	83.93	80.82	0.00	80.82	96.29
3.	Education	1970.61	179.91	2150.52	1746.03	60.47	1806.51	84.00
4.	Health and Family welfare	1331.48	177.48	1508.96	944.32	59.87	1004.20	66.55
5.	Indigenous Affairs	20.73	20.00	40.73	18.11	10.32	28.43	69.80
6.	Information and Public Relation	40.97	17.80	58.76	32.38	4.29	36.67	62.41
7.	Karmik and Adhyatmik Affairs	6.93	11.59	18.52	3.14	16.83	19.97	107.85
8.	Labour and Employment	8.88	0.00	8.88	8.18	0.00	8.18	92.12
9.	Library	12.40	2.41	14.80	12.12	1.24	13.36	90.24
10.	Public health Engineering and Water Supply	768.51	454.60	1223.11	752.31	259.22	1011.54	82.70
11.	Research	22.64	1.59	24.23	18.05	1.19	19.24	79.41
12.	Skill Development and Entrepreneurship	41.56	5.13	46.69	31.32	1.15	32.47	69.55
13.	Social Justice and Tribal Affairs	201.78	178.08	379.86	129.97	155.43	285.40	75.13
14.	Sports and Youth Affairs	44.74	43.68	88.43	40.33	16.20	56.53	63.93
15.	Town Planning	55.53	15.55	71.08	25.85	13.72	39.57	55.68
16.	Urban Development and Housing	199.57	191.14	390.70	123.40	128.15	251.56	64.39
17.	Social Welfare, Women and Child Development	263.42	11.10	274.52	257.57	3.00	260.57	94.92
18.	Political	1.77	0.00	1.77	1.40	0.00	1.40	79.06
<b>Total</b>		<b>5084.01</b>	<b>1319.85</b>	<b>6403.86</b>	<b>4234.42</b>	<b>734.50</b>	<b>4968.92</b>	<b>77.59</b>

Source: Appropriation Accounts, 2019-20

It could be seen from the above that:

- In the Social Sector, the expenditure incurred by the Departments ranged between 55.68 *per cent* and 107.85 *per cent* of the allocations made during 2019-20.
- Five Departments have incurred more than 90 *per cent* of total budget allocation viz. Karmik & Adhyatmik affairs (107.85 *per cent*), Social Welfare, Women and Child Development (94.92 *per cent*), Disaster Management (96.29 *per cent*), Labour and Employment (92.12 *per cent*) and Library (90.24 *per cent*).
- The Karmik & Adhyatmik affairs Department has incurred 107.85 *per cent* which was more than total budget allocation.
- The Revenue expenditure in the sector was ₹4,234.42 crore (85.22 *per cent* of total expenditure).
- The Capital expenditure in the sector was ₹734.50 crore, (14.78 *per cent* of the total expenditure).

### **2.1.1 Planning and Conduct of Audit**

Audit process starts with the assessment of risks faced by various departments of the Government based on the expenditure incurred, criticality/ complexity of activities, level of delegated financial powers and assessment of overall internal controls.

Audit of 65 units of eight departments under the Social Sector involving ₹ 23,504.44 crore (including expenditure of earlier years) was conducted during 2019-20.

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings were issued to the Heads of Departments for taking appropriate corrective measures on the audit findings. The Departments were requested to furnish replies to the audit findings within one month of receipt of IRs. Wherever replies were received, audit findings were reviewed and either settled or further action for compliance was advised. Important audit observations arising out of the IRs were processed for inclusion in the CA&G's Audit Report, which is submitted to the Governor of the State under Article 151 of the Constitution of India for laying before the State Legislature.

Major observations noticed in Audit, pertaining to the Social Sector during 2019-20 are discussed in subsequent paragraphs of this Chapter.

## Performance Audit

### “Implementation of the Swachh Bharat Mission in Arunachal Pradesh”

#### Public Health Engineering and Water Supply and Urban Development and Housing Departments

## 2.2 An Overview

### *Highlights*

A Performance Audit of the “Implementation of the Swachh Bharat Mission (SBM) in Arunachal Pradesh” was carried out covering the period from 2014-15 to 2019-20 involving test check of records of five urban centres<sup>1</sup> under SBM (Urban) and five districts<sup>2</sup> under SBM (Gramin). The performance audit of SBM brought out the following significant findings.

- *State Sanitation Strategy, which defines the state targets, resource allocation and unified approach for Urban Local Bodies (ULBs) to achieve strategic goals in a systematic time-bound manner, and City Sanitation Plan for 28 urban centers which is defined as short, medium and long term measures for ULBs on issues of governance, technical, financial, capacity building, raising awareness, pro-poor interventions, etc. was not prepared in Swachh Bharat Mission (Urban).*
- *The objectives of SBM (Gramin), were not achieved by 02 October 2019 due to non-inclusion of all the households without toilet in the baseline survey in the absence of effective Village Water Sanitation Committee (VWSC). As a result, the Department had to construct excess of 44,712 Individual Household Latrines (IHHLs) (during the period 2014-15 to 2019-20) than the target set in Project Implementation Plan to cover the households which were not included in the baseline survey. Also, District Swachhata Plans (DSP) at five selected sample Districts were not prepared in SBM (G).*

*(Paragraphs 2.2.12.1, 2.2.12.2.1 and 2.2.12.2.2)*

- *ODF status was not declared in SBM (U) as the targets for construction of IHHL, Community Toilet (CT) and Public Toilet (PT) in SBM (U) were not achieved. In SBM (G), ODF was declared without ensuring access to functional toilets by students in schools and anganwadi centres.*

*(Paragraphs 2.2.11.A, 2.2.16.1.1 and 2.2.14.3.4)*

- *In absence of strong monitoring mechanism and evaluation studies by the State Government or any state appointed agency, the State Government had missed the opportunity to acquire timely actionable insight into usage and maintenance of the facilities created through SBM.*

*(Paragraph 2.2.15.3)*

<sup>1</sup> Itanagar, Tezu, Jairampur, Bomdila and Seppa

<sup>2</sup> Papum Pare, Lohit, Changlang, East Kameng and West Kameng

### 2.2.1 Introduction

The Swachh Bharat Mission (SBM) was launched on 2<sup>nd</sup> October 2014 with an aim to achieve Swachh Bharat by 2019. The SBM is a centrally sponsored scheme of the Government of India (GoI) aimed at accelerating the efforts to achieve universal sanitation coverage and emphasises on the safe sanitation in both rural and urban population. SBM provides funds for safe sanitation with special focus on eradication of open defecation, adoption of safe technology, scientific solid-liquid waste management and behavioural change. The mission has two Sub-Missions viz. SBM (Gramin or Rural) [SBM (G)] and SBM (Urban) [SBM (U)]. SBM is implemented by the Ministry of Housing and Urban Affairs (MoHUA) and Ministry of Drinking Water and Sanitation (MoDWS) for Urban and Rural areas respectively. The overall mission is co-ordinated by MoDWS. The mission objectives of SMU (U) and (G) are depicted below:

#### **Objectives of SBM (G)**

- (i) Bring about an improvement in the general quality of life in rural areas, by promoting cleanliness, hygiene and eliminating open defecation.
- (ii) Accelerate sanitation coverage in rural areas to achieve the vision of Swachh Bharat by 2<sup>nd</sup> October 2019.
- (iii) Encourage cost-effective and appropriate technologies for ecologically safe and sustainable sanitation.
- (iv) Develop, wherever required, community managed sanitation systems focusing on scientific solid and liquid waste management systems for overall cleanliness in the rural areas.
- (vi) Create a significant positive impact on gender and promote social inclusion by improving sanitation, especially in marginalised communities.

#### **Objectives of SBM (U)**

- (i) Elimination of open defecation.
- (ii) Eradication of manual scavenging.
- (iii) Modern and Scientific Municipal Solid Waste Management.
- (iv) To effect behavioural change regarding healthy sanitation practices.
- (v) Generate awareness about sanitation and its linkage with public health.
- (vi) Capacity Augmentation for ULBs to create an enabling environment for private sector participation in Capex (capital expenditure) and Opex (operation and maintenance).

### 2.2.2 Sustainable Development Goals (SDG)

The Sustainable Development Goals (SDG) were adopted by United Nations in 2015<sup>3</sup> as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. There are 17 SDG which are integrated to recognise the action area which will affect outcomes and that development must balance social, economic and environmental sustainability. The GoI is committed to the 2030 Agenda.

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<sup>3</sup> came into effect on 01 January 2016

Accordingly, NITI Aayog<sup>4</sup>, has been entrusted with the task of co-ordinating the SDG. NITI Aayog has undertaken a mapping of schemes with targets, as they relate to the SDG and has identified lead and supporting Ministries for each target by 2030 in line with targets set by SDG. Out of the targets mapped, the important targets in connection to SBM are shown in **Table2.2**.

**Table2.2: Sustainable Development Goals**

Goal No.	SDG Description	SDG Targets
3	Ensure healthy lives and promote well-being for all ages	3.3 By 2030 - end the epidemics of AIDS, tuberculosis, malaria, combat hepatitis, water-borne diseases and other communicable diseases.
6	Ensure availability and sustainability management of water and sanitation for all	6.2 By 2030 - achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.

Source: [www.niti.gov.in](http://www.niti.gov.in)

### 2.2.3 Organisational arrangements

In Arunachal Pradesh, SBM (G) is implemented by Public Health Engineering Department and Water Supply (PHED&WS) and SBM (U) is implemented by the Department of Urban Development and Housing (UD&H) in line with the implementing Ministries of the GoI.

#### 2.2.3.1 Delivery Structures of SBM (G)

##### A. State Level

The Chief Engineer (CE), PHED&WS, Sanitation-cum-Mission Director of SBM (G) is responsible for the implementation of policies, programmes in Gramin/ Rural area. He is assisted by one Superintending Engineer, who functions as the State Co-ordinator to oversee the programme implementation in the State.

##### B. District Level

At the District level, the Mission Director is assisted by 30 Executive Engineers of the Divisions. The Executive Engineers are assisted by 30 Assistant Engineers who also act as the Nodal Officers of the Divisions. The Assistant Engineers of the Divisions are assisted by 240 Junior Engineers and 78 Consultants who look after the implementation of the programme in the districts.

Paragraph 8.3.3 of SBM (G) guidelines envisaged that, at District Level, a District Swachh Bharat Mission Management Committee (DSBMMC) chaired by District Collector/Magistrate and comprising of all District-level Officers of relevant departments and all BDOs/ Block Level Officers in-charge-of sanitation shall be formed and shall meet once every month to plan and monitor the implementation of the Mission.

<sup>4</sup> National Institution for Transforming India, better known as NITI Aayog, is the premier policy think tank of the GoI, providing directional and policy inputs. Apart from designing strategic and long-term policies and programmes for the Union Government. NITI Aayog also provides relevant technical advice to the Centre, States, and Union Territories

### **C. Block Level**

At the Block Level, the Junior Engineers are supported by 119 Block Co-ordinators for supervising and monitoring of the programme.

### **D. Village Level**

At village level, the Block Co-ordinators are assisted by 248 Swachhagrahis and Village Water Sanitation Committee (VWSC).

Paragraph 8.5.2 of SBM (G) guidelines envisaged that a VWSC shall be constituted as a sub-committee of Gram Panchayat for providing support in terms of conducting baseline survey, motivation, mobilisation, implementation and supervision of the programme. The VWSC should play a crucial role in the comprehensive and saturation approach to Open Defecation Free (ODF) Grams (villages).

Audit, however, noticed that in District level DSBMMC was not constituted. In absence of the DSBMMC regular Block and GP level reviews were not carried out which impacted planning at district level as discussed in **Paragraph 2.2.12.2.2**. Also VWSC was found ineffective at the village level. In absence of the VWSC, the actual Baseline survey conducted in 2012 was doubtful, due to which the State Government increased the number of households after declaring the ODF from time to time during the audit period to achieve the programme as commented in the **Paragraph 2.2.12.2.1(A)**.

## **2.2.3.2 Delivery Structures of SBM (U)**

### **A. State Level**

The Chief Engineer (CE) of UD&H is the Mission Director of SBM (U) and responsible for the implementation of policies, programmes under SBM (U). He is assisted by one Superintending Surveyor of Works who also acts as the State Nodal Officer.

### **B. District Level**

At the District level, the Mission Director is assisted by 23 Executive Engineers of the Divisions. The Executive Engineers are assisted by 33 Assistant Engineers of the Division/ Sub Division.

### **C. City/ Urban Centre Level**

The Assistant Engineers are assisted by 33 Junior Engineers and the Junior Engineers are supported by the UDC/ LDC at District/ Urban Centre level.

Paragraph 12.4 of SBM (U) guidelines, envisaged that a District Level Review and Monitoring Committee (DLRMC) is required to be constituted with a view to fulfil the objective of ensuring satisfactory monitoring of projects under the Chairpersonship of a Member of Parliament. Audit, however, noticed that DLMRC was ineffective at the City/ Urban Centre level.

## **2.2.4 Audit Objectives**

The primary audit objectives were to assess whether:

- Sanitation coverage was accelerated to eliminate Open Defecation in both Urban and Rural areas of the State by 2<sup>nd</sup> October 2019.

- Communities have been motivated in ULB Institutions to adopt effective behavioural change, sustainable sanitation practices and facilities through awareness creation and health education.
- Cost-effective and appropriate technologies for ecologically safe and sustainable toilets were encouraged.
- Sanitation systems were developed focusing on modern/ scientific Solid and Liquid Waste Management systems (SLWM) for overall cleanliness in the rural and urban areas.
- Improved sanitation resulted in better public health, greater gender equality and hygiene.

### 2.2.5 Scope of Audit

The Performance Audit on “Implementation of Swachh Bharat Mission (SBM) in Arunachal Pradesh” covering the period from 2014-15 to 2019-20 was conducted through the examination of relevant records of the two Mission Directorates viz., (i) Chief Engineer, Sanitation PHED&WS and (ii) Chief Engineer, UD&H of SBM (G) and (U) respectively. Audit also examined the records of seven Executive Engineers, PHED&WS, out of 30 Executive Engineers, Commissioner, Itanagar Municipality Corporation (IMC) and five Executive Engineers out of 23 Executive Engineers of UD&H for the five sampled districts out of the total 25 districts<sup>5</sup>, viz., Papum Pare, Lohit, Changlang, West Kameng and East Kameng.

### 2.2.6 Sampling

The districts were selected by using multistage cluster sampling method based on number of Individual House Hold Latrine (IHHL) requirement. Records of SBM at State, Division and Sub-Division levels were also scrutinised. Individual household (IHH) physical verification of 20 Gram Panchayats (GPs) of 10 Blocks under SBM (G) and five urban centres<sup>6</sup> under SBM (U) was conducted by audit jointly with two departmental officials in the sampled districts. Responses from 400 IHHs of 20 Gram Panchayat (GPs) and 200 IHHs of five urban centres through predesigned questionnaires were also obtained to assess the extent of sanitation coverage. In addition, 97 schools and 110 Anganwadi centres (AWCs) in the above sampled districts were physically verified for the status of toilet accessibility and sanitation. The details of the sampled districts showing the numbers of IHHs, anganwadi centres and schools in respect of SBM (G) and SBM (U) are shown in *Appendix 2.1 (A) and (B)*.

### 2.2.7 Methodology

The Performance Audit commenced with an ‘Entry Conference’ held on 24 December 2019 with the Secretary, PHED&WS, Mission Director SBM (U), Mission Director SBM (G) and the programme implementing officers, where the audit methodology, objectives, criteria, scope, etc., of the performance audit were discussed.

<sup>5</sup> (i) Tawang, (ii) West Kameng, (iii) East Kameng, (iv) Kamle, (v) Kra-Daadi, (vi) Lape Rada, (vii) Longding, (viii) Lower Siang, (ix) Namsai, (x) Pakke-Kessang, (xi) Shi Yomi, (xii) Siang, (xiii) Papum Pare, (xiv) Lower Subansiri, (xv) KurungKumey, (xvi) Upper Subansiri, (xvii) West Siang, (xviii) East Siang, (xix) Upper Siang, (xx) Dibang Valley, (xxi) Lower Dibang Valley, (xxii) Lohit, (xxiii) Anjaw, (xxiv) Changlang and (xxv) Tirap

<sup>6</sup> (i) Itanagar, (ii) Jairampur, (iii) Tezu, (iv) Bomdila and (v) Seppa

The Audit Methodology involved examination and analysis of the records/ documents of Mission Directors with field visits by the Audit team for scrutiny and analysis of the records of sample districts during the period from 2014-2015 to 2019-20.

The Exit Conference was held on 20 October 2021 and the responses of the Government were recorded and wherever relevant incorporated in this Report.

### **2.2.8 Impact Assessment**

The following methodologies were adopted in audit for impact assessment of the programme so as to achieve the commitment of the NITI Aayog in turn to ensure achievement of the SDG by 2030:

- a. Physical verification of Individual Household Latrines (IHHL), Community Sanitary Complex (CSCs), Schools and Anganwadi Centres (AWCs).
- b. Physical verification of works executed under the programme (IHHL), Community Sanitary Complex (CSCs), Solid Liquid Waste Management (SLWM) projects *etc.*

### **2.2.9 Audit Criteria**

The Audit findings were benchmarked against the following audit criteria:

- a. Guidelines of SBM (G and U), notifications, circulars issued by the MoDWS and the MoHUA;
- b. State Government orders, circulars, notification related to the implementation of the SBM (G)/ SBM (U);
- c. Physical and financial progress reported under the Integrated Management Information System (IMIS);
- d. General Financial Rules (GFRs), Receipt and Payment Rules, CPWD Manual/ Arunachal Pradesh Schedule of Rate (APSoR) and analysis of rates; and
- e. Handbook on Technical Options for on-site Sanitation and Central Public Health and Environmental Engineer Organisation (CPHEEO) manuals.

### **2.2.10 Acknowledgement**

The Principal Accountant General, Arunachal Pradesh acknowledges the co-operation and assistance provided by PHED&WS and UD&H Departments, Government of Arunachal Pradesh (GoAP) and Commissioner, IMC in facilitating this audit.

## **Audit findings**

### **2.2.11 Overall targets and achievement**

The component-wise overall targets and achievements in respect of SBM (U) and (G) are shown in **Tables 2.3 and 2.4**.

#### **A. SBM (U)**

The achievements of the three components *viz.*, IHHL, Community Toilet (CT) and Public Toilet (PT) under SBM (U) in the State during 2014-15 to 2019-20<sup>7</sup> are shown in **Table 2.3**.

<sup>7</sup> During 2014-15 no fund was released by the State Government to Mission Director, SBM (U), as a result no expenditure incurred or construction was executed as discussed in **Paragraph 2.2.13.1**

**Table 2.3: Component-wise target and achievements during 2014-20**

Component	Target	Achievement	Percentage	Expenditure during 2014-20
		(in no.)		(₹ in lakh)
IHHL	12,252	8,637	70.49	837.12
CT	136	19	13.97	30.90
PT	252	0	0.00	0.00

Source: Departmental records

As can be seen from the Table above, during 2014-15 to 2019-20, the achievement of IHHL and CT was only 70.49 and 13.97 *per cent* respectively, while no achievement was made in respect of PT.

## B. SBM (G)

The achievements of the three components *viz.*, IHHL, Community Sanitary Complex (CSC) and Solid and Liquid Waste Management (SLWM) under SBM (G) in the State during 2014-15 to 2019-20 are as shown in **Table 2.4**.

**Table 2.4: Component-wise target and achievements during 2014-15 to 2019-20**

Component	Target	Achievement	Percentage	Expenditure during 2014-20
	(in no.)			(₹ in lakh)
IHHL	95,970	1,40,682	146.59	28,683.44
CSC	1,728	1,594	92.24	3,351.49
SLWM	1,783	1,221	68.48	13,032.01

Source: Departmental records

As can be seen from the **Table 2.4**, during 2014-15 to 2019-20, the achievement of IHHL, CSC and SLWM was 146.59, 92.24 and 68.48 *per cent* respectively. While in IHHL and CSC the achievement has been substantial in physical terms, yet our findings on the quality of the work done are detailed in **Paragraphs 2.2.14.3.1 and 2.2.14.3.2**.

### 2.2.12 Planning

Planning is an integral part of programme implementation. Paragraph 3 of Guidelines of SBM (U) stipulates that Comprehensive Sanitation Plan includes (a) City level Sanitation Plan (CSP), (b) State Sanitation Concept Note (SSCN) and (c) State Sanitation Strategy (SSS). As per the SBM (G) Guidelines, planning is divided into (i) State Level Planning and (ii) District Level Planning. The State Level Planning includes Project Implementation Plan (PIP) and Annual Implementation Plan (AIP).

#### 2.2.12.1 Planning SBM (U)

The National Urban Sanitation Policy-2008<sup>8</sup> stipulates preparation of SSS and CSP for comprehensive planning which is essential for achieving the objectives of SBM (U). SSS defines state targets, resource allocation and unified approach for ULBs to achieve strategic goals in a systematic and in a time-bound manner, whereas CSP of ULBs

<sup>8</sup> The National Urban Sanitation Policy was launched in 2008 by the Ministry of Urban Development of India, emphasizing the need of defining integrated city-wide sanitation plans including institutional strengthening, awareness generation, behavioural changes, pro-poor approaches and cost effective technologies aiming at developing state sanitation strategies and city sanitation plans, that should lead to open defecation free cities, as well as sanitary and safe disposal of all human and liquid wastes

defines short, medium and long term measures for ULBs on issues of governance, technical, financial, capacity building, raising awareness and pro-poor interventions.

Audit observed that as of March 2020<sup>9</sup>, out of 33 urban centres, CSP was prepared for five urban centers only viz., IMC, Naharlagun, Ziro, Aalo and Pasighat. The SSS and CSP for the remaining 28 urban centres were not finalised. In absence of SSS, the policy goals for institutional responsibilities, targets, resource allocation, capacity building, setting standards at state level could not be defined. Moreover, the framework for assisting Urban Local Bodies, NGOs, community-based organisations, citizens and private sector agencies under GoI to achieve the goal of 100 *per cent* sanitation was also not established.

As per the Guidelines of the erstwhile scheme on sanitation *i.e.* TSC/ NBA, funds were released by the GoI for creation of assets in the rural areas only. As such, during the launch of SBM (U), there were no previous/ balance targets. Hence, the Mission Director SBM (U) had not fixed the year-wise target and achievement in respect of the 28 Urban Centres due to absence of SSS and CSP.

#### **2.2.12.1.1 Non-preparation of Detailed Project Report (DPR)**

Paragraph 5.6 and 6.8 of the SBM guidelines stipulates that for the construction of PT/ CT a well-structured project report (also called DPR) should be prepared with sufficient details to ensure approval and subsequent project implementation in a timely and efficient manner. The physical verification information collected forms the basis for the preparation of the project report.

Audit scrutiny revealed that the Mission Director SBM (U) has not prepared a project report or DPR for construction of PT/ CT. In the absence of a project report/ DPR, universal access, ergonomic design, ease of use and reduction of operating and maintenance costs could not be guaranteed for the three CTs built in one of the sampled urban centres in Itanagar. Besides, no CT was constructed in any of the other four (Jairmapur, Bomdila, Seppa and Tezu) sampled urban centres.

#### **2.2.12.2 Planning SBM (G)**

Paragraph 5.1.1 of the guideline of SBM (G) stipulates preparation of State level planning and District level planning. The State Level Planning includes Project Implementation Plan (PIP) and Annual Implementation Plan (AIP).

##### **2.2.12.2.1 State Level Planning**

###### **A. Project Implementation Plan (PIP)**

Paragraph 5.1.1 of the guideline of SBM (G) envisaged that the State shall prepare a perspective plan which will be revised based on Baseline Data. The Baseline Survey Data 2013 collected and entered by the states on Integrated Management Information System (IMIS) of MDWS by 31 October 2015 will be considered as the base for all states whose survey is complete. All states are to ensure data entry of all households on the IMIS.

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<sup>9</sup> After five years of launch of SBM (U)

The State Level planning under SBM (G) includes a five-year (from 2014-15 to 2018-19) Project Implementation Plan (PIP) and five independent Annual Implementation Plans (AIP)<sup>10</sup>. Details of Project Implementation Plan (PIP) are shown in **Table 2.5**.

**Table 2.5: PIP vis-a-vis achievement**

Sl. No.	Component	Total Target as per Baseline Survey 2012	Achievement up to 02 October 2014	Balance target as on 02 October 2014 set as PIP	Achievement			Balance as on March 2020 (+ Excess / - Less)	Expenditure incurred during the period 2014-20 (₹ in lakh)
					Up to 2017-18 (when ODF was declared)	Upto 2018-19 for the Mission period	Upto 2019-20		
1	2	3	4	5 (3-4)	6	7	8	9 (8-5)	10
1.	IHHL	1,75,924	79,954*	95,970	1,16,459	1,30,696	1,40,682	(+) 44,712	28,683.44
2.	CSC	1,909	181	1,728	1,079	1,437	1,594	(-) 134	3,351.49
3.	SLWM	1,783	0	1,783	334	1,221	1,221	(-) 562	13,032.01

Source: Departmental records

\* (63,634 + 16,320) = 79,954

It can be seen from the Table above that there was an excess construction of 44,712<sup>11</sup> nos. of IHHLs during the period 2014-15 to 2019-20 due to increase in households without toilet, Left Out Beneficiaries (LOBs) during 2018-19 and IHHLs identified as No One Left Behind (NOLB) during 2019-20.

### B. Annual Implementation Plan (AIP)

The AIP for the period from 2014-15 to 2019-20 was prepared by the Department separately for each individual year. Details of Annual Implementation Plan (AIP) and achievement are shown in **Table 2.6**.

**Table 2.6: Component-wise/ Year-wise target and achievement**

Year	IHHL			CSC			SLWM		
	Target (in no.)		Achievement (in no.)	Target (in no.)		Achievement (in no.)	Target (in no.)		Achievement (in no.)
	As per PIP (for the period from 2014-15 to 2018-19)	As per year-wise AIP		As per PIP (for the period from 2014-15 to 2018-19)	As per year-wise AIP		As per PIP (for the period from 2014-15 to 2018-19)	As per year-wise AIP	
1	2	3	4	5	6	7	8	9	10
2014-15	95,970	19,275	12,900	1,728	172	39	1,783	160	0
2015-16		15,688	19,122		390	319		300	88
2016-17		40,000	42,857		650	547		600	142
2017-18		25,517	41,580		745	174		1,000	104
2018-19		21,815	14,237		78	358		547	887
2019-20		10,076	9,986		738	157		0	0
<b>Total</b>	<b>95,970</b>	<b>--</b>	<b>1,40,682</b>	<b>1,728</b>	<b>--</b>	<b>1,594</b>	<b>1,783</b>	<b>--</b>	<b>1,221</b>

Source: Departmental records

### C. Discrepancy between IMIS and Departmental Records

When Audit compared the data of achievement furnished by the Department with that of the IMIS, Audit observed that there was a discrepancy between the numbers of IHHLs constructed as shown in **Table 2.7**.

<sup>10</sup> 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19

<sup>11</sup> **44,712 IHHLs:** 2014-15 to 2017-18 - 20,489 IHHLs; LOBs - 14,237 IHHLs and NOLBs - 9,986 IHHLs

**Table 2.7: Mismatch between Department's data and IMIS**

Year	Achievement as per Departmental records (in no.)	Achievement as per IMIS (in no.)	Difference {Excess (+)/ Less (-)} (in no.)
1	2	3	4 =3-2
2015-16	19,122	19,428	(+) 306
2016-17	42,857	42,558	(-) 299
2017-18	41,580	41,460	(-) 120
2018-19	14,237	2,881	(-) 11,356
2019-20	9,986	459	(-) 9,527
<b>Total</b>	<b>1,40,682</b>	<b>1,19,686</b>	<b>(-) 20,996</b>

Source: Departmental records and IMIS data

It can be seen from the Table above, there is a discrepancy of 20,996 IHHLs constructed during 2015-16 to 2019-20 with maximum of 11,356 in 2018-19.

The State Government may reconcile the difference between the achievement of IHHLs as shown in IMIS and the Department's record.

#### 2.2.12.2.2 District Level Planning

Paragraph 5.1.2 of the guideline of SBM (G) envisaged that the DSP exercise should include establishing the baseline status, scope of work for making the district ODF, timelines, arrangement for implementation of behaviour change initiatives and construction of toilets. Capacities needed to undertake the task should be ascertained and reflected. Plan and arrangements for important tasks like demand generation, choice of technology, construction supervision, geo-tagging of toilets, conversion of insanitary to sanitary toilets, making defunct toilets functional, verification of ODF declared villages *etc.* are to be indicated in the District Swachhta Plan. District level planning involves development of a District Swachhata Plan (DSP) for the rest of the mission period during which the monitoring will be conducted. It also envisaged constitution of DSBMMC comprising of District level officers.

In absence of DSBMMC, the numbers emerged in the Baseline survey did not represent the actual requirement and also the DSP could not be prepared at the District level. Moreover, Audit also observed that in absence of DSP, the number of defunct toilet and insanitary toilets could not be included in AIP and PIP. As a result, ODF was declared on December 2017 without considering 17,574 defunct toilets and 14,113 insanitary toilets.

#### 2.2.13 Financial Performance

##### 2.2.13.1 Fund Position under SBM (U)

Paragraph 10.1.1(e) of the guideline of SBM (U) stipulates that the State Share will be 10 *per cent* in the case of North-East and Special Category States against the Central Share of 90 *per cent*. The Mission Director (U) [MD(U)] received fund through State budget. Details of funds released and actual expenditures incurred under SBM (U) by MD(U) during the period 2014-15 to 2019-20 is shown in **Table 2.8**.

**Table 2.8: Details of fund received and expenditure during 2014-15 to 2019-20**

(₹ in lakh)

Year	Opening balance	Fund:		Total available fund	Total expenditure	Closing balance	percentage of expenditure
		Central Share	State Share				
1	2	3	4	5=2+3+4	6	7=5-6	8
2014-15	0.00	936.00	0.00	936.00	0.00	936.00	0.00
2015-16	936.00	121.04	0.00	1,057.04	1,056.98	0.06	99.99
2016-17	0.06	572.61	105.70	678.37	105.70	572.67	15.58
2017-18	572.67	367.35	74.00	1014.02	699.38	314.64	68.97
2018-19	314.64	646.07	40.42	1001.13	567.58	433.55	56.69
2019-20	433.55	0.00	41.22	474.77	371.54	<b>103.23</b>	78.25
<b>Total</b>	--	<b>2,643.07</b>	<b>261.34</b>	<b>2,904.41</b>	<b>2801.18</b>	--	<b>96.45</b>

Source: Departmental records

The State Government released ₹29.04 crore (Central share: ₹26.43 crore and State share: ₹2.61 crore) to the MD(U) for implementation of the SBM in Urban areas during 2014-15 to 2019-20. Out of which, the MD(U) expended an amount of ₹28.01 crore (96.45 per cent) leaving a balance of ₹1.03 crore<sup>12</sup>. The central share of ₹936.00 lakh received by State Government in 2014-15 was released to MD(U) only in 2015-16 as a result no expenditure was incurred in 2014-15.

#### 2.2.13.1.1 Mismatch between the departmental figures and Appropriation Accounts

Cross verification with the departmental figures and Appropriation Accounts of the GoAP revealed that the UD&H Department reconciled 100 per cent in respect of the receipts and the expenditure during the period 2016-17 to 2019-20 with the Office of the Principal Accountant General (Accounts), Arunachal Pradesh. In spite of the reconciliation made during the period, there was a mismatch between the figures depicted in the Accounts with the departmental figures in respect of both the receipts and expenditure side. Details of mismatch between the receipts and expenditures figure is shown in Table 2.9.

**Table 2.9: Mismatch of receipts and expenditures figure for the period 2016-17 to 2019-20**  
(₹ in crore)

Year	Receipt as per:		Expenditure as per:		Difference as per the Appropriation Accounts [Excess (+) / Savings (-)]	
	Appropriation Accounts	Departmental Figures	Appropriation Accounts	Departmental Figures	Receipt	Expenditure
1	2	3	4	5	6= 3-2	7= 5-4
2016-17	1.05	6.78	1.05	1.06	5.73	0.01
2017-18	6.66	10.14	7.4	6.99	3.48	-0.41
2018-19	5.92	10.01	5.7	5.67	4.09	-0.03
2019-20	4.55	4.75	4.12	3.71	0.20	-0.41
<b>Total</b>	<b>28.75</b>	<b>29.04</b>	<b>28.84</b>	<b>28.01</b>	<b>0.29</b>	<b>-0.83</b>

Source: Departmental records and Appropriation Accounts of the respective years

<sup>12</sup> Out of ₹1.03 crore balance, (i) ₹29.79 lakh was for payment of CSP preparation awaiting State Level High Power Committee (SLHPC) approval, (ii) ₹14.34 lakh payment pending against security to be released for installation of Swachh Bharat Machines at Tawang and Ziro and (iii) ₹59.10 lakh was pending expenditure towards IEC and capacity building activities owing to Covid-19

It can be seen from the Table above that there was a discrepancy in the receipt and expenditure figures of the Department of ₹0.29 crore (excess in receipt) and ₹0.83 crore (savings in expenditure) respectively as compared to the Accounts.

The State Government may take necessary steps to reconcile the differences.

### 2.2.13.1.2 Short release of State Share

During 2014-15 to 2019-20, the GoI released ₹26.43 crore as central share. Against which the State Government was required to release an amount of ₹2.94 crore. However, the State Government released an amount of ₹2.61 crore only from 2016-17 onwards leaving a short release of ₹0.33 crore. The short release had an impact in achieving the mission target as discussed in the Paragraph 2.2.14.1.

### 2.2.13.1.3 Delay in release of fund

Paragraph 10.4.6 of the SBM (U) guidelines envisaged that State governments shall release funds along with state share to ULBs within 30 days of release of the central share by the Ministry.

The State Government received ₹26.43 crore from GoI during the period from 2014-15 to 2019-20, out of which ₹22.50 crore (85.13 per cent) was released. Audit observed that none of the ULBs received the fund within stipulated time as envisaged in the guidelines. The State Government released the fund to the ULBs after a delay ranging between 103 and 361 days (Appendix 2.2). Due to delay in release of fund the target for construction of 136 CT could not be achieved and the MD (U) could complete only 19 CT during the mission period.

Similarly, during 2014-15 to 2019-20, the State Share amounting to ₹2.61 crore was released with a delay ranging between 104 and 616 days (details are shown in Appendix 2.2).

### 2.2.13.2 Fund Position under SBM (G)

Paragraph 6.4.7 of the guideline of SBM (G) envisaged that funding pattern for eight North-Eastern States will be 90:10 basis for all components of SBM (G). The details of funds received and actual expenditures incurred under SBM (G) by Mission Director (Gramin) [MD(G)] during the period 2014-15 to 2019-20 are shown in Table 2.10.

Table 2.10: Fund received and expenditure

(₹ in lakh)

Year	Opening balance	Release		Interest etc.	Total fund Available	Total Expenditure	Closing balance	Percentage of expenditure
		Centre	State					
1	2	3	4	5	6=2+3+4+5	7	8=6-7	9
2014-15	1,552.07	1,461.37	295.88	139.00	3,448.32	2,252.08	1,196.25	65.31
2015-16	1,196.25	3,871.14	2,146.69	385.26	7,599.34	4,636.52	2,962.82	61.01
2016-17	2,962.82	6,509.38	4,070.42	418.05	13,960.67	11,631.97	2,328.72	83.32
2017-18	2,328.72	13,649.29	5,047.27	418.18	21,443.46	12,431.30	9,012.16	57.97
2018-19	9,012.16	5,131.00	4,062.16	408.19	18,613.51	11,669.47	6,944.04	62.69
2019-20	6,944.04	4,728.00	2,905.16	345.80	14,923.00	9,400.27	5,522.73	62.99
<b>Total</b>	--	<b>35,350.18</b>	<b>18,527.58<sup>13</sup></b>	<b>2,114.48</b>	--	<b>52,021.61</b>	--	--

Source: Record furnish by the Mission Director SBM (Gramin)

\* Opening Balance ₹1,552.07 lakh (The unspent expenditure prior to 2014-15 in Nirmal Bharat Abhiyan)

<sup>13</sup> The State Share (₹102.22 crore) includes an additional increment of ₹8,000 per IHHL

Audit observed that out of the available funds of ₹575.43<sup>14</sup> crore during the period 2014-15 to 2019-20, the MD (G) could utilise only ₹520.22 crore leaving a balance of ₹55.23 crore as of March 2020. The unspent balance was mainly due to the release of funds during the fag end of the year. Audit observed that out of ₹575.43 crore, ₹258.21 crore (47.92 per cent of the total Central and State Share) was released at the fag end of financial year *i.e.* February and March during 2014-14 to 2019-20.

### 2.2.13.2.1 Mismatch between the departmental figures and Appropriation Accounts

Cross verification with the departmental figures and Appropriation Accounts of the GoAP revealed that the department reconciled 100 per cent in respect of the receipts and the expenditure during the period 2015-16 to 2019-20 with the Office of the Principal Accountant General (Accounts), Arunachal Pradesh. In spite of the reconciliation, there was mismatch between the figures depicted in receipts and expenditure side. Details of mismatch between the receipts and expenditures figure are shown in **Table 2.11**.

**Table: 2.11: Mismatch of receipts and expenditure figure for the period 2015-16 and 2019-20**  
(₹ in crore)

Year	Receipt as per:		Expenditure as per:		Difference as per Appropriation Accounts [Excess (+)/ Savings (-)]	
	Appropriation Accounts	Departmental Figures	Appropriation Accounts	Departmental Figures	Receipt	Expenditure
1	2	3	4	5	6=3-2	7=5-4
2015-16	60.18	64.03	33.66	46.36	3.85	12.70
2016-17	76.04	109.98	100.31	116.31	33.94	16.00
2017-18	146.55	191.15	96.61	124.31	44.6	27.70
2018-19	112.68	96.01	112.68	116.69	-16.67	4.01
2019-20	42.84	79.79	42.84	94.00	36.95	51.16
<b>Total</b>	<b>438.29</b>	<b>559.92</b>	<b>386.10</b>	<b>520.22</b>	<b>121.63</b>	<b>134.12</b>

Source: Departmental records and Appropriation Accounts of the respective years

It can be seen from the Table above that there was a discrepancy in the receipt and expenditure figure of the Department of ₹121.63 crore (excess in receipt) and ₹134.12 crore (excess in expenditure) respectively with that of Appropriation Accounts.

Accordingly, the State Government may take necessary steps to reconcile the differences.

### 2.2.13.2.2 Delay in release of Central Share

Paragraph 14.1.1 of the guideline of SBM (G) stipulated that the State Governments shall release the funds to the implementing agency within 15 days of transfer of funds from GoI.

Audit observed that out of ₹575.43 crore, ₹96.15 crore (16.70 per cent of the total of Central and State Share) was released at the fag end of financial year *i.e.* February and March during 2014-15 to 2019-20. Audit also observed that funds amounting to ₹353.50 crore were received by the State Government from Government of India with delays ranging from 01 day to 391 days (*Appendix 2.3*).

<sup>14</sup> Opening Balance (₹15.52 crore) + Central Share (₹353.50 crore) + State Share (₹185.27 crore) + Interest *etc.* (₹21.14 crore)

Further, due to delay and release of funds at the fag end of the year, components such as CSC construction and coverage of SLWM in GPs could be made at 83.16 *per cent* and 68.48 *per cent* respectively against the target set in PIP.

The Government stated (December 2021) that many a times copy of GoI's Fund Sanction/ Release Order reaches the State Government late and majority of Funds from GoI were received after the finalisation of the Revised Estimates of the financial year. It was further stated that to maintain financial prudence and discipline, the credit confirmation, Budgetary Support, Finance Concurrence and Expenditure Authorisation were accorded with approval of Competent Authority and the movement of physical files to various offices was cumbersome and time consuming. The State Government added that implementing Departments took a considerable amount of time to get acquainted with the procedural changes on account of introduction of initiatives such as Public Financial Management System (PFMS) from 2017 onwards, Geo Tagging and MIS systems from 2018.

### **2.2.13.3 Other observations**

#### **2.2.13.3.1 Provision for generation of additional resources**

Paragraph 6.7.1 of the SBM (G) guidelines stipulates that to enable the provision of low cost financing to individual households for the construction of household latrines and to leverage the network of NGOs and SHGs identified by agencies like NABARD and other financial institutions, in the wake of the need for universalisation of sanitation facilities, possibilities of setting up a micro-financing arrangement should be explored by the States and the MDWS. This will facilitate converging financial resources, management skills and outreach capabilities to cover the demand of toilets for households not eligible for direct incentives under SBM (G), and for those households interested to build a more expensive toilet. Also States and district may examine possibilities to access credit at the local level to further the financing of sanitation activities which may be taken up either independently or in convergence with SBM activities. Such financing can be inter-alia through banks, recognised financial institutions or through livelihood programme.

However, Audit found that the Government did not make any arrangement for micro-financing at the state and district level for ensuring an easy access to the low-cost financing facility at the local level for construction of IHHL.

The guidelines also provide for the establishment of Swachh Bharat Kosh (Donation to Kosh has tax-incentive) to attract corporate funding for Corporate Social Responsibility (CSR) and donations from individuals and philanthropists. The state did not establish any such Swachh Bharat Kosh.

Audit also observed that no efforts were made by the Government to solicit and encourage CSR projects that could have been implemented by the State.

The Department replied (October 2021) that the State Government financed an additional incentive of ₹8,000 on top of the Central Government incentive of ₹12,000 per IHHL to boost up the construction of IHHL in the State, which helped in quicker achievement of ODF status. The department added that in Arunachal Pradesh, State level Swachh Bharat Kosh was not established, due to fact that it was not feasible. The

reason being the State is having ST dominant population and they are exempted from all kind of taxes. Also, Arunachal Pradesh being resource deficit State with only few corporate establishments, funding through CSR was not viable. Only a few construction companies of Highway & Hydro electrical infrastructure in the State were approached for aiding in construction of School Toilets and CSCs which they executed themselves in direct liaison with the IHHs without involving this Department. Necessary steps are being taken at Urban centers/ District level.

### 2.2.13.3.2 Revolving Fund

Paragraph 6.6 of the guideline of SBM (G) provided for an interest-free loan of up to ₹five lakh from the Revolving Fund, available with the district for establishing RSM/ PC (Rural Sanitary Mart/ Production Center). Loans from the Revolving Fund for RSM/ PC are recovered in 12-18 instalments after one year of receipt of the loan. Audit observed that no such revolving fund was established in any of the sampled districts which could have impact on RSM/ PCs.

The department stated (October 2021) that in the state of Arunachal Pradesh, setting up of Rural Sanitary Mart (RSM) was tried in few Districts where it was not found to be feasible economically as well as from sustainability point of view. An expression of interest was published in the local dailies of the State, but no NGOs/ SHGs/ Individual had expressed their interest in this regard till date. Besides, the State lacks local expertise/ technician required for this purpose. However, the department noted the audit findings and stated that efforts would be made once again to constitute Revolving Fund.

### 2.2.13.3.3 Temporary misappropriation of ₹24.82 lakh

Rule 28 of Receipt and Payment Rules, 1983 states that save as otherwise specially provided in rules or unless the Ministry of Finance (Department of Expenditure) otherwise direct in any case, no withdrawal of money be made from the Government Account except by presentation of bill in support of relevant claim for the purpose.

The MD(U) sanctioned ₹49.40 lakh to the Deputy Director of UD&H, Tezu (now Executive Engineer) for construction of 1,601 number of IHHL during 2014-15 to 2018-19, is shown as under:

Sl. No.	No. of IHHLs (in no.)	Date of release of:		Fund released (₹ in lakh)		
		Central Share	State Share	Central Share	State Share	Total
1.	150	24.12.2014	--	7.20	0.00	7.20
		--	25.09.2018	0.00	0.72	0.72
2.	1,451	08.02.2017	--	29.02	0.00	29.02
		<b>Sub-Total</b>		<b>36.22</b>	<b>0.72</b>	<b>36.94</b>
		18.12.2018	--	9.56	0.00	9.56
		--	25.09.2019	0.00	2.90	2.90
		<b>Sub-Total</b>		<b>9.56</b>	<b>2.90</b>	<b>12.46</b>
<b>Total</b>	<b>1,601</b>	--	--	<b>38.58</b>	<b>2.90</b>	<b>49.40</b>

Source: Departmental records

Out of total released amount of ₹49.40 lakh, the Deputy Director expended ₹12.12 lakh for construction of 251 IHHLs as of July 2019 and intimated (November 2017) that an amount of ₹24.22 lakh<sup>15</sup> was returned to the account of MD(U).

<sup>15</sup> The Deputy Director intimated the MD(U)-cum-Chief Engineer that ₹24.22 lakh was refunded on 31 November 2017

Cross verification of the records of the MD(U), Deputy Director and Bank Account revealed the following:

- The State Government decided (May 2017<sup>16</sup>) to close the existing common savings account utilised for all the Centrally Sponsored Schemes. Also, it was instructed to all the implementing units to open a separate current account for the SBM. Accordingly, the Deputy Director opened (July 2017) a current account (bearing No. 37009912288) in the same SBI, Tezu Branch for operating separate account on SBM and closed (October 2017) the existing savings account (bearing No. 30747765593, State Bank of India (SBI) Tezu Branch).
- As per the closing balance of the earlier savings account in respect of SBM, the Deputy Director was to transfer an amount of ₹24.82 lakh<sup>17</sup> to the new SBI current account.
- However, Audit observed that the Deputy Director transferred (December 2017) the balance amount (₹24.82 lakh) of SBM in another current account (No. 34763990019, SBI Tezu Branch) which was not authorised for operating SBM fund.

Hence, the target for construction of IHHLs could not be achieved due to parking of fund outside the unauthorised government account for more than three years.

The State Government stated (October 2021) that the Deputy Director UD&H, Tezu has returned ₹24.22 lakh by Demand Draft No. 149578 dated 07 February 2021. However, the balance amount ₹0.60 lakh out of ₹24.82 lakh and interest thereon is yet to be recovered.

**Recommendation:** *The Government may investigate the matter and take appropriate action to fix the responsibility and also take necessary steps to recover the balance amount along with the interest.*

## 2.2.14 Implementation

### 2.2.14.1 Construction of IHHL in SBM (U)

The aim of construction of IHHL under SBM(U) is to achieve the SBM targets as well as those of NITI Aayog and SDG by ensuring open defecation free status, to discourage construction of new insanitary toilets during the mission period and conversion of pit latrines into sanitary latrines.

As per the Baseline 2014<sup>18</sup>, the total number of households without toilets was 31,007. Out of which the MoHUA approved construction of 12,252 IHHLs in 2017 as a mission target for 29 urban centres. It was observed that the Department could achieve construction of only 8,637 IHHLs (70.49 per cent) during 2014-15 to 2019-20 as discussed in **Paragraph 2.2.11(A)**.

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<sup>16</sup> vide letter No. DUD/SBM/PFM-33/2016-17/915-918 dated 03 May 2017

<sup>17</sup> Sanctioned upto May 2017- ₹36.94 lakh (-) expenditure incurred for construction of 251 IHHLs- ₹12.12 lakh = Balance ₹24.82 lakh

<sup>18</sup> As per the Baseline 2014 in Concept Note, for State Sanitation Strategy, was prepared for the initial proposal to MoHUA, in order to claim 1<sup>st</sup> instalment

The target and achievement against five sample urban centres are shown in **Table 2.12**.

**Table 2.12: Target and achievement for five sample urban centres during 2014-15 to 2019-20<sup>19</sup>**  
(₹ in lakh)

Name of the Urban centres	Target (in no.)	Achievement (in no.)	Percentage of Achievement	Expenditure during 2014-15 to 2019-20
Itanagar	820	811	98.90	62.87
Jairampur	445	179	40.22	23.39
Seppa	640	506	79.06	45.12
Tezu	1,601	233	14.55	49.39
Bomdila	192	69	35.93	7.36
<b>Total</b>	<b>3,698</b>	<b>1,798</b>	<b>48.62</b>	<b>188.13</b>

Source: Departmental records

It can be seen from the above table that 1,798 IHHLs were constructed against the targets of 3,698 IHHLs in the five sampled urban centres utilising ₹188.13 lakh during 2014-20. The achievement was very meagre in sample districts (only 48.62 per cent).

The reasons for short achievement were due to non-release of fund from MoHUA, GoI. The earmarked mission allocation from MoHUA was ₹1,323.22 lakh (for 12,252 nos. of IHHLs). The MD(U) received ₹772.20 lakh from the Ministry. The balance of ₹551.02 lakh is yet to be released by the GoI as of March 2020.

Paragraph 3 of the SBM (U) guideline stipulates that 1<sup>st</sup> instalment for IHHL, IEC and capacity building will be released on submission of concept note on state sanitation strategy. However, 2<sup>nd</sup> instalment will be released on completion of CSP for all urban centres and SSS. The Mission Director in 2015 submitted the concept note to GoI for release of 1<sup>st</sup> instalment, however, the preparation of CSP for 28 urban centres and SSS during 2014-15 to 2019-20 was under process. Thus, the total fund as per requirement was not released by GoI.

The State Government in its reply (October 2021) stated that the GoI released 2<sup>nd</sup> instalment amounting to ₹551.02 lakh during 2021-22.

#### 2.2.14.1.1 Substandard construction of IHHL

Paragraph 4.4.5 of the SBM (U) guidelines stipulates that financial incentives for construction of IHHL will be deposited directly into the bank accounts of the IHHs.

The UD&H, Jairampur division under Changlang District, constructed 107 IHHLs through a local contractor during 2015-16 with an expenditure of ₹5.14 lakh, in violation of the guidelines. Cross verification of 107 IHHLs and interaction during the physical verification, the IHHs members stated that the contractor had provided only one Corrugated Galvanised Iron (CGI) sheet, one latrine pan and some fittings as material support instead of a fully constructed toilet which resultant in forced open defecation by the household members and the expenditure of ₹5.14 lakh (₹4,804 x 107) was totally wasted. Moreover, dysfunctional toilets and supply of materials instead of construction of toilets proves the failure of monitoring and evaluation system by

<sup>19</sup> During 2014-15, no fund was released by State Government to Mission Director SBM (U), as a result, no expenditure incurred or construction was executed as discussed in **Paragraph 2.2.13.1**

the concerned authorities. The photographs of such dysfunctional toilets are shown below.



*Insufficient supply of material resulted in construction of insanitary toilet*

The Department accepted (October 2021) the Audit findings and stated that the corrective measure to make these toilets functional would be taken. However, the reply of the Government is silent about the supply of substandard and deficient materials by the contractors instead of construction of toilets. The Government reply was also silent about the action taken against the contractor for supplying such sub-standard and deficient materials instead of construction of toilets. Moreover, information about the corrective measures taken by the State Government at the instance of Audit to make the toilets functional is awaited as of April 2022.

***Recommendation:*** *The State Government should take action against the contractor for supply of substandard/ deficient materials and also fix the responsibility of the respective Government Officers/ Officials, who deviated from guidelines and also did not monitor the quality of construction.*

#### **2.2.14.1.2 Sanitation Technology for IHHL**

Section 19 (a) of the Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013 (MS Act 2013), envisages that no person is engaged or employed as manual scavenger within their jurisdiction.

The septic tank technology was adopted for the IHHL construction in SBM (U). The department did not conduct a feasibility study or survey prior to the introduction of septic tank technology. The high water demand in septic tank technology is one of the disadvantages in hilly states like Arunachal Pradesh. In absence of infrastructure for emptying and transporting of septage from septic tank in households of urban areas, the IHH in urban areas resort to engagement of manual scavengers in violation of MS Act 2013. During physical verification of 200 IHHs in sampled urban centres, 126 IHHs (63 per cent) admitted the facts of engagement of manual scavengers.

While accepting the facts, the Department stated (October 2021) that it had been facing acute shortage of resources and absence of separate allocation of fund for the feasibility study. In absence of feasibility study, the Department resorted to utilise the technology in accordance with the local conditions using local resources. The Department also stated that they are aware of the problem and exploring and introducing the techniques

*i.e.* building septic management plants with the available funds and resources. Further, desludging vehicles were procured for the capital region to utilise the engagement of the manual scavengers.

### 2.2.14.2 Construction of CT and PT under SBM (U)

#### 2.2.14.2.1 Community Toilet (CT)

The CT is used by groups of IHHs in urban areas whose members practice open defecation and who have no access to a household toilet and for whom the construction of IHH toilets is not feasible. Under SBM (U), it is estimated that about 20 *per cent* of the urban households in cities, who are currently practicing open defecation are likely to use community toilets as a solution due to land and space constraints in constructing IHH. As per the Baseline 2014, 4,437 households were defecating in open.

Accordingly the Department made provision for 1,090 CTs (24.56 *per cent*) in the baseline 2014. But, MoHUA, GoI approved only 136 CT (₹59.24 lakh) to be constructed during the mission period and released ₹27.87 lakh till March 2020. Thus, the State Government released a total amount of ₹30.90 lakh (Central Share: ₹27.87 lakh and State Share: ₹3.03 lakh) to the MD (U) for construction of CT during the period 2014-20.

Out of total available fund of ₹30.90 lakh, the State Government released (upto March 2019) ₹9.03 lakh (Central and State Share) to MD (U) and ₹21.87 lakh (Central Share) only in March 2020. Hence, the MD (U) could complete the construction of only 19 CTs (13.97 *per cent*) during 2014-20. Overall targets and achievements are discussed in **Paragraph 2.2.11(A)**.

Out of ₹9.03 lakh, the MD(U) released only ₹1.03 lakh to one out of the five sample urban centres during the period 2014-19. The targets *vis-à-vis* achievements for sample urban centres during 2014-15 to 2019-20 are shown in **Table 2.13**.

**Table 2.13: Target and achievement for sampled Urban Centres during 2014-15 to 2019-20**

Name of the Urban centre	Target (in no.)	Achievement (in no.)	Percentage of Achievement	Expenditure during 2014-20 (₹ in lakh)
Itanagar	7	3	42.85	1.03
Jairampur	3	0	0.00	0.00
Seppa	5	0	0.00	0.00
Tezu	5	0	0.00	0.00
Bomdila	6	0	0.00	0.00
<b>Total</b>	<b>26</b>	<b>3</b>	<b>11.53</b>	<b>1.03</b>

Source: Departmental records

It can be seen from the Table above that the achievement (only 11.53 *per cent*) was very meagre in sampled Districts.

The Department replied (October 2021) that these CT could not be completed because the fund allotted was not enough for the completion. The State Government did not allot additional fund in spite of many requests made by the Department.

The fact, however, remains that against the requirement of ₹3.04 lakh (for seven CTs), the MD(U) released ₹1.03 lakh for construction of three CTs in Itanagar, which was even less than the required funds of ₹1.29 lakh for three CTs. Moreover, the requirement

of the CT would be higher in Itanagar (being the State Capital) due to greater flow of populace and with more space constraint for IHHLs construction. This is indicative of poor planning and monitoring by MD(U).

#### 2.2.14.2.2 Public Toilet (PT)

Paragraph 6.1 of SBM (U) guidelines stipulates that, States and ULBs will ensure that a sufficient number of PT and Urinals are constructed in each city. All prominent places within the city attracting floating population should be covered. Paragraph 6.7 of SBM (U) guidelines further envisaged that states may identify land for public toilets, and leverage this land and advertisements to encourage the private sector to construct and manage public toilets through a Public Private Partnership (PPP) agreement.

The Department made provision in the plan<sup>20</sup> submitted to MoHUA for 2,725 PTs. The MoHUA sanctioned 252 public toilets (PT) as a mission target for the mobile population in the years 2014-15 to 2019-20. It was, however, noticed that no PT was constructed during the period 2014-20 due to non-release of fund by the MoHUA. The Department did not explore the PPP mode as envisaged in the guidelines. In absence of PT, people resorted to open defecation as discussed in **Paragraph 2.2.16.1.1**.

The Department stated (October 2021) that GoI released the fund for PT, during 2021-22 and the construction of PT was ongoing. The Department also assured that efforts would be made to explore PPP mode at the earliest. However, the Department response to explore the opportunity for construction of PT was not intimated as of April 2022.

#### 2.2.14.3 Construction of IHHL under SBM (G)

The Department constructed 55,222 IHHLs against the PIP target of 42,757 IHHLs during the period from 2014-15 to 2019-20 in the sampled Districts. The year-wise target and achievement of the sampled districts during 2014-15 to 2019-20 are shown in **Table 2.14**.

**Table 2.14: Year-wise targets and achievements for IHHLs for sampled Districts during 2014-15 to 2019-20**

Sl. No.	Name of the sampled District	Target as per the PIP (in no.)	Achievement (in no.)	Excess (+)/ Less (-) (in no.)	Percentage of excess(+)/ less(-)	Expenditure during 2014-15 to 2019-20 (₹ in lakh)
1	2	3	4	5=4-3	6	7
1.	Changlang	7,246	11,120	3,874	53.46	1,206.21
2.	East Kameng	7,524	10,526	3,002	39.90	2,054.23
3.	Lohit	10,054	3,306	-6,748	-67.12	1,221.05
4.	Papum Pare	12,824	16,357	3,533	27.55	1,951.92
5.	West Kameng	5,109	11,460	6,351	124.31	1,851.05
	<b>Total</b>	<b>42,757</b>	<b>55,220</b>	<b>12,463</b>	<b>29.15</b>	<b>8,284.46</b>

Source: Departmental records

It can be seen from the above that the target fixed for Lohit District was 10,054. During January 2017, Lohit District was bifurcated as Lohit District and Namsai District. The target of 10,054 was not separated for the newly formed Lohit District and Namsai District. The overall excesses are discussed in **Paragraph 2.2.12.2.1(A)**.

<sup>20</sup> Baseline 2014

### 2.2.14.3.1 IHHL constructed without water storage facility

The incentive amount was increased by GoI for IHHL from ₹10,000 to ₹12,000 while restructuring Nirmal Bharat Mission (NBA) to SBM (G) during 2014. The incentive was increased to provide water storage and wash basin in addition to the toilet construction. The essence of the above provision is that water should be available for the toilet, the cleaning of the toilet and the subsequent hand washing. In the physical verification of 400 IHHs in the five sampled districts, 274 households (68.50 per cent) had no water storage facility in the toilet. In the absence of a water storage facility, the IHHs had to carry water from a distance. The details of IHHLs constructed without water storage facilities found during the physical verification are shown in the **Table 2.15**.

**Table 2.15: Details of IHHLs without water storage facility**

Sl. No.	Name of the Division	Nos. of IHHL constructed during 2014-15 to 2019-20	Nos. of IHHLs physically verified	No. of IHHLs without water storage facility
1.	Lohit	3,306	80	62
2.	Changlang	11,120	80	80
3.	West Kameng	11,460	80	23
4.	East Kameng	10,526	80	61
5.	Papum Pare	16,357	80	48
<b>Total</b>		<b>55,220</b>	<b>400</b>	<b>274</b>

Source: Household physical verification report

The increased incentives of ₹5.48 lakh incurred for payment of incentives to the 274 IHHs during 2014-15 to 2019-20 was not utilised for the purpose for which the amount was meant for. In the absence of proper monitoring by the respective authorities<sup>21</sup>, the IHHs did not have provision for water storage facility which proves absence of adequate motivation and guidance to the IHHs through IEC.

The Department had accepted the facts (October 2021).

### 2.2.14.3.2 Installation of Substandard Pre-fabricated IHHLs

Paragraph 6.4.1 of SBM (G) guidelines envisages that materials are used for the construction of superstructures in accordance with the economic situation of households, their availability and acceptance by the IHHs. The superstructure should be durable to avoid dysfunction of the toilet or to be no longer functional due to a lack of privacy.

Audit found that PHED&WS, Bordumsa Division incurred an expenditure of ₹18.61 lakh including transportation for 154 prefabricated ready-to-use toilets. The work order was issued to a Changlang based firm<sup>22</sup> and the installation was completed on September 2017. It was noticed that the Department did not make any feasibility study as envisaged in the guidelines. During the physical verification of nine IHHs on February 2020, audit noticed that the superstructure of the prefabricated toilets was made of non-durable objects viz. card board. All the nine toilets were in dilapidated condition with no privacy. The IHHs intimated that all the occupants of the house were forced to defecate in the open/ jungle. Hence, the entire expenditure of ₹18.61 lakh was wasteful. Photographs of two such dilapidated toilets are shown below:

<sup>21</sup> Junior Engineers at Block level and VWSC at village level

<sup>22</sup> M/s R.S. Enterprise



*Dilapidated condition of the pre-fabricated toilets*

The Department stated (October 2021) that all standard materials would be used for such construction in future. However, the reply is silent about the supply of sub-standard materials and action taken against the firm for supplying such sub-standard materials and officers who were to monitor the construction of IHHLs.

***Recommendation:*** *The State Government should take action against the supplier for supply of sub-standard materials and fix the responsibility of the respective Government Officer/ Officials. Moreover, the State Government may ensure the toilets are rebuilt as IHHLs to achieve ODF status.*

#### **2.2.14.3.3 Local customised sanitation technology for IHHL in West Siang**

The Ministry under the SBM advocates use of two-pit toilets that allow on-site treatment and the conversion of sewage sludge into hygienic compost. The construction of any other type of toilet should only be considered if the toilets do not fit the topography of the region or if exceptional circumstances of the household concerned exist. MD(G) has adopted the technology for the construction of IHHL in the state without carrying out a feasibility study. The technology is unsuitable for rocky areas of the state, as there is no chance of percolation of water from pits. The result is that the pits filled in frequently. Due to unavailability of mechanical devices in the rural areas in Arunachal Pradesh to clean the pits, it is not accepted by the households. Moreover, even after the pit is emptied, it is quite difficult to dispose the sludge safely.

During physical verification of 400 IHHs in the five sampled Districts (Lohit, Changlang, West Kameng, East Kameng and Papum Pare), audit found 354 IHHs (88.50 per cent) built IHHL using conventional septic tank technology. This shows the affinity of the households towards adopting septic tank technology.

The department stated (October 2021) that they have developed locally customised single pit technology in West Siang Division which is doing very well. Efforts are being made to disseminate this technology to other divisions also. The department added that they have also been using local resources for construction of toilets for which they were given award by the GoI.

#### 2.2.14.3.4 Absence of toilets in schools & anganwadi centres

Annexure V of SBM (U) regarding ODF protocol stipulates that every school in a ward provides self-declaration that all students enrolled in it have access to, and are routinely using toilets at home and at school. The GoI decided (June 2015<sup>23</sup>) to define ODF as the termination of faecal-oral transmission, where no visible faeces found in the environment/ village and every household as well as public/ community institutions using safe technology option for disposal of faeces under SBM (G).

There are 3,144 government schools in the State. Audit noticed that out of 3,144 schools, 1,984 schools (63 per cent) are without toilet or without access to a functional toilet. The details of absence of toilets and water facility in toilets in the five sampled districts are given in **Table 2.16**.

**Table No. 2.16: Status of toilet in schools of five sampled Districts**

Sl. No.	Name of the sampled District	Total no. of school	No. of school physically verified	Deficiency noticed in physical verification	
				No. of school without toilet	No. of school without water in toilets
1.	Lohit	84	24	07	10
2.	Changlang	289	17	05	06
3.	West Kameng	172	20	02	02
4.	East Kameng	229	19	16	16
5.	Papum Pare	244	17	08	09

Source: Data furnished by the Education Department and physical verification report

Out of 97 schools, Audit found that in 38 schools (39.12 per cent) there was no toilet provision. 43 schools (44.32 per cent) had toilet facility without any provision for water supply. The ratio per toilet to student varied from one to 226 per student.

Some of the toilets were in dilapidated condition as can be seen from the sample photograph shown below.



*Dysfunctional toilet in Government upper primary school, Pukhuri*

Similarly, out of total 6,225 anaganwadi centers in the State, 5,756 anganwadi centres (92.46 per cent) were without toilet or without access to functional toilets. During

<sup>23</sup> Vide notification No.S-11011/3/2015-SBM dated 09 June 2015

physical verification, anganwadi centres without any toilet provision were noticed in the sampled districts. The details are given as under **Table 2.17**.

**Table No. 2.17: Status of toilet in Anganwadi Centres of five sampled Districts**

Sl. No.	Name of the sampled district	Total nos. of Anganwadi Centres	Nos. of Anganwadi Centres physically verified	Deficiency noticed in physical verification	
				No. of Anganwadi Centres without toilet	No. of Anganwadi Centres without water in toilets
1.	Lohit	102	26	23	3
2.	Changlang	454	20	20	0
3.	West Kameng	307	24	24	0
4.	East Kameng	369	20	18	2
5.	Papum Pare	522	20	18	1

Source: Data furnished by the Education Department and physical verification report

Out of 110 anganwadi centres, 103 anganwadi centres did not have toilet and six anganwadi centres had toilet facility without provision for water supply.

The Department stated (October 2021) that although the guidelines for SBM (G) stipulated access of toilets to all schools/ anganwadi centres for declaring ODF village, the responsibility for construction of the School and Anganwadi toilets was delinked from SBM (G) in 2014. Therefore, the Department pursued the matter with the Education and Women & Child Development Department of GoAP to provide toilets to all schools and anganwadi centres for enabling declaration of the ODF villages.

The facts, however, remains that the declaration of ODF without having toilets in schools and anganwadi centers is a gross violation of the decision of the SBM (G) guidelines as well as the decision of the GoI.

**Recommendation:** *State Government may take action to ensure the toilet facilities along with the water connections in schools and anganwadi centres immediately by repairing and constructing toilets as these have already been declared ODF districts.*

#### 2.2.14.4 Construction of CSCs under SBM (G)

The department constructed 405 CSCs (87.28 per cent) against the target of 464 CSCs in sampled Districts. In absence of DSBMMC and VWSC, the target of 464 was set on the basis of one CSC per Gram Panchayat, without assessing the actual requirement.

The target and achievement of the sampled districts during 2014-20 are shown in **Table 2.18**.

**Table 2.18: Target and achievement for CSCs in sampled districts during 2014-15 to 2019-20**

Sl. No.	District	Target (in no.)	Achievement (in no.)	Excess (+)/ Less (-) (in no.)	Expenditure during 2014-20 (₹ in lakh)
1	2	3	4	5=3-4	6
1.	Changlang	74	98	24	128.8
2.	East Kameng	135	114	-21	235.4
3.	Lohit	107	10	-97	44.93
4.	Papum Pare	73	74	1	95.4
5.	West Kameng	75	109	34	195.65
<b>Total</b>		<b>464</b>	<b>405</b>	<b>-59</b>	<b>700.18</b>

Source: Departmental record

It was observed that no approved design/ technique (cost effective method) was forwarded by the Department for construction of CSCs. Thus, in absence of approved technique/ design, the durability of the construction of CSC could not be ascertained. During physical verification, it was observed that CSCs were constructed without separate provision for specially abled and transgender, ample lighting without water supply, space for cleaning and washing clothes, disposal bins and incinerators. Moreover, the constructed CSCs at Doimukh, Papum Pare were found in dilapidated condition in absence of operation and maintenance which is indicative of non-existence of monitoring and evaluation system.

**Recommendation:** *The Department may take action against the officers responsible for monitoring and take immediate steps to repair, construct the dilapidated CSCs and introduce proper mechanism for operation and maintenance of CSCs constructed.*

#### 2.2.14.5 Solid Waste Management under SBM (U)

A well-defined waste management policy facilitates development and implementation of proper mechanisms to effectively manage solid waste on a sustainable basis. Rule 11(a) of Solid Waste Management (SWM) Rules, 2016 stipulates that state governments shall prepare a state policy and strategy on SWM within one year of coming into force of the SWM Rules, 2016 *i.e.* by March 2017. Scrutiny of records revealed that the MD(U)/ UD&H Department did not prepare state policy and strategy on SWM. In absence of any policy and strategy, the present and future estimation of waste generation, staff, vehicles and equipment requirement for primary collection, transportation, processing and disposal could not be assessed and planned.

Paragraph 7.2 of SBM (U) guidelines envisages that each ULB shall prepare DPR on SWM projects for implementation in the urban centres, in consultation with the State Government, and with reference to checklist prescribed in the Manual on MSW Management, 2000 published by Ministry of Urban Development & Poverty Alleviation (MoUD&PA). The checklist *inter alia* stipulated preparation of city profile (detailed data of wards or zones), status of existing SWM in the city, project definition, gap analysis, proposed solid waste management system, institutional aspects and capacity building, other O&M aspects, cost estimates and financial aspects of the projects *etc.* The DPRs were to be approved by the State Level High Power Committee (SLHPC).

The Department did not prepare DPRs for SWM for any urban centres. Hence, projects related to the scientific disposal of waste could not be implemented in any of the urban centres under SBM. There has been no assessment and evaluation of the waste generated in the urban centres of Arunachal Pradesh, except Bomdila, the other four sampled urban centres focused primarily on the collection of waste from the source. There was no separation of waste at the source. While approving the building plans, no provisions for waste disposal facilities in residential areas, hospitals and markets were ensured. The department did not charge any user fees for the collection of waste that could have been a source of income, and the same could have been used for the installation and smooth operation and maintenance of waste management.

While accepting the facts the Department stated (October 2021) that CSP is awaiting approval from SLHPC after which individual DPR for each urban centres shall be prepared and user charges would be levied accordingly.

#### **2.2.14.5.1 Generation of Waste/ Assessment of Waste**

Section 1.4.3.3.1 of CPHEEO Municipal Solid Waste Management (MSWM) Manual, 2016 prescribes that for long term planning, the average amount of waste disposed by a specific class of generators should be estimated by averaging data from several samples collected continuously for seven days at multiple representative locations during each of the three main seasons (summer, winter, and rainy). Waste quantities should be aggregated over the seven-day period, weighed, and averaged. These quantities can then be extrapolated to the entire population and per capita generation assessed. Paragraph 3.3.1 of Manual on Municipal Solid Waste Management (Manual) 2000, also envisages that an analysis of the composition, characteristics and quantities of solid waste is essential as it provides the basic data for planning, designing and operating the waste management process. The changes/ trend in composition and quantity of waste over a period of time can be predicted which help in future planning.

Audit observed that out of five urban centres, none of these centres, assessed the parameters *viz.* waste characteristics, calorific value of the waste, organic fraction and moisture content of the waste produce as envisaged in the guidelines. In absence of the above details, the requirements of disposal mechanism (incinerators, landfills *etc.*), adequacy of waste handling infrastructure, capacity of manpower, vehicles could not be planned for environment sustainability.

The Department accepted (October 2021) the facts.

#### **2.2.14.5.2 Collection of Waste**

Chapter 10.5 of Manual on SWM, 2000 and Rule 15 of SWM Rules, 2016, prescribes arrangement for door to door collection of segregated solid waste from all households including slums and informal settlements. Waste collection system is necessary to ensure that waste stored at source is collected regularly and it is not disposed of on the streets, drains, water bodies, *etc.* Inefficient waste collection has an impact on public health and aesthetics. The collection service should be regular and reliable.

Audit noticed that none of the sampled urban centres introduced segregation management to separate dry and wet wastes before collection of wastes. During interaction with the 200 IHHs in five sampled urban centres, 146 IHHs (27.5 *per cent*) confirmed that the IHHs did not segregate dry and wet wastes before handing over to the agency.

Rule 15(c) of the SWM Rules, 2016 stipulates that concerned authorities should establish a system to recognise organisation of waste pickers or informal waste collectors and promote and establish a system for integration of these authorised waste-pickers and waste collectors to facilitate their participation in SWM including door to door collection of waste. Audit, however, observed that none of the district has established such system to integrate waste pickers and waste collectors for door to door collection of waste.

The Department accepted (October 2021) the facts.

### 2.2.14.5.3 Processing and disposal of Waste

Rule 3 (35) of SWM 2016 stipulates that processing means conversion/ transformation of waste into useful fractions/ products. The biodegradable waste should be processed by composting, vermi-composting, aerobic digestion or any other appropriate biological processing so as to minimise the burden on landfill. Similarly, the non-biodegradable waste should be processed by recycling or co-processing. Rule 15(V) of SWM 2016 also stipulates facilitation of construction, operation and maintenance of solid waste processing facilities and associated infrastructure on their own or with private sector participation or through any agency for optimum utilisation of various components of solid waste adopting suitable technology including the following technologies -

- (i) Bio-methanation, microbial composting, vermi-composting, anaerobic digestion or any other appropriate processing for bio-stabilisation of biodegradable wastes.
- (ii) Processing of waste to energy including refused derived fuel for combustible fraction of waste or supply as feedstock to solid waste based power plants or cement kills.

It was noticed that two urban centres *viz.* Itanagar and Bomdila had their own SWTPs or methodology adopted for processing of wastes and three urban centres *viz.* Tezu, Jairampur and Seppa neither have any Solid Waste Treatment Plants (SWTPs) nor adopted any methodology for processing of waste. During joint physical verification of SWTPs at Itanagar, Chimpu, it was found that SWTPs was dysfunctional. Bomdila had only adopted composting for conversion of bio-degradable wastes into compost *i.e.* compost pits which was functional.

The Department accepted (October 2021) the audit findings without commenting on action taken to make the SWTP functional at Itanagar and also steps taken to introduce the system for processing of wastes in three urban centres.

As per Paragraph 4.5.7 of Central Public Health and Environmental Engineer Organisation (CPHEEO) guidelines, open solid waste dumpsites in India do not have an engineered liner system, leachate collection system (LCS), or an appropriately designed cover system, thus posing a threat to the environment and human health. Such dumpsites should be immediately closed to minimise their impact on land, groundwater, and surface water quality and on air quality in the vicinity of the dumpsite. Audit noticed that all the urban centres were using landfills/ dumping grounds for disposal of solid waste. Physical verification of five sampled urban centres to assess the actual disposal of wastes revealed the following.

Sl. No.	Audit Observations	Department's Reply
1.	All the five urban centres of the sampled district were using dumping grounds for disposal of solid wastes. But these dumpsites have not been designed to protect the environment and human health. Hence, these dumpsites are required to be closed immediately to safeguard the environment and human health. However, the State Government/ Department had not taken any steps on the dumpsites to protect the environment and human health.	The Department accepted the facts and stated that the projects have been taken to safeguard the environment and human health. Moreover, the plastic wastes segregated are handed over to National Highways and Infrastructure Development Corporation Ltd (NHIDCL) for using in construction of roads.

Sl. No.	Audit Observations	Department's Reply
2.	The dumping site at Pampoli, Seppa, is closed due to objections from the local population. Waste generated from Seppa town is being dumped near the Kameng River bank without any segregation of bio degradable and non-bio degradable waste. The waste was also found burning in open.	The Department stated (October 2021) that they have identified another site which is away from the town and the work is in progress to construct material recovery facility.
3.	During field visit to the Premnagar colony in Jairampur, Audit observed that garbage was disposed on the banks of Namchuk River	The Department accepted the facts without commenting on the action taken to restrict the disposal of garbage on the banks of the river.

The following pictures represent the wastes generated near River banks.

		
<b>Waste generated from Seppa town were being dumped near the Kameng River</b>		<b>Garbage disposed of on the banks of Namchuk River, Jairampur</b>

Thus, the waste dumped/ burned/ disposed off near the water bodies/ River violates the Environment (Protection) Act, 1986 as well as the Water (Prevention and Control of Pollution) Act, 1974.

#### 2.2.14.5.4 Management of other Waste

Waste generated in the State *inter alia* includes Bio-Medical Waste (BMW) and hazardous waste. All these wastes pose serious threat to environment and public health and hence, need to be collected, transported and disposed of in a scientific manner.

##### A. Bio-Medical Waste (BMW)

Paragraph 7.3 of Bio-Medical Waste (BMW) Management Rules, 2016 envisages that the BMW shall be treated and disposed of in accordance with Schedule I and in compliance with standards provided in Schedule II by the Health care facility and common BMW treatment facility. Paragraph 7(4) states that where service of the common BMW treatment facility is not available, the occupiers shall set up requisite BMW treatment equipment like incinerator, autoclave or microwave, shredder prior to commencement of its operation as per the authorisation given by the prescribed authority. The common BMW treatment facility is considered advantageous over individual treatment facilities in terms of capital investment, manpower, monitoring by regulatory agencies *etc.*

The methods adopted in the five urban centres in sampled districts are depicted in **Table 2.19**.

Table 2.19: Status of BMW in five sampled districts

Sl. No.	Districts	No. of CHC/ PHC/ Hospitals	No. of CHCs/ PHCs/ Hospitals adopted the method for BMW:		
			Incinerators	Deep Burial/ Sharp Pit	Burning
1.	Papum Pare	6	0	5	0
2.	East Kameng	10	01 (District Hospital, Seppa)	9	0
3.	Lohit	7	00	4	3
4.	West Kameng	3	01 (General Hospital, Bomdila)	2	0
5.	Changlang	12	0	9	3

Source: Records from the Department of Health

It was observed that the incinerators were installed in the Hospitals and the method of disposal of BMW was functional.

### **B. Hazardous Waste**

The GoI notified (April 2016) the Hazardous and Other Wastes (Management and Trans boundary Movement) Rules, 2016 for effective handling, collection, treatment, storage, utilisation and disposal of hazardous and other waste in an environmentally sound manner. A common hazardous waste treatment, storage and disposal facility (CHWTSDF) reduces the number of hazardous waste sites and also eliminates the pollution potential. Also, the management of waste at common facility is relatively easier, economically viable and easy to monitor. It was noticed that in absence of CHWTSDF in the State, the State Government did not take any steps to identify the dealer/ distributor to collect the hazardous wastes so as to dispose them in the nearest CHWTSDF.

**Recommendation:** *The State Government should maintain information on generation, collection and disposal of solid waste in all urban centres for facilitating management of waste in a systematic manner. Segregation of waste should be given greater priority through public awareness campaign. Disposal of garbage in open dumpsites, roadsides, river banks, etc., should be stopped immediately and processing of waste scientifically should be ensured at the earliest in all urban centres. The State Government should identify the dealer/ distributor to collect the hazardous wastes for disposal to the nearest CHWTSDF.*

#### **2.2.14.6 SLWM for SBM (G)**

Paragraph 6.10.2 of SBM (G) guidelines stipulates that SLWM is to be taken up in project mode for each Gram Panchayat (GP) with financial assistance capped for a GP on the basis of number of households to enable all GPs to implement sustainable SLWM projects. The target for SLWM was fixed according to the numbers of GPs in the districts. The Department fixed a target of 1,783 GPs under SLWM during the period 2014-15 to 2018-19. Out of the targeted GPs, the Department covered 1,221 GPs (68 per cent) under SLWM during the period.

Paragraph 6.10.3 {Sub-Paragraph (i) and (ii)} of the Guidelines on SBM (G) stipulates that states are to decide the technologies suitable to their areas. Audit observed that awareness programme was conducted through IEC for identification and segregation of wastes and coloured dustbin was provided for segregation and management for bio and non-biodegradable wastes. However, it was noticed that SBM (G) did not evolve any system to collect the wastes from door to door. In absence of the collection system, IHHs used to dispose the wastes in nearby open places or in the slope of hills, which was burnt from time to time. Moreover, no system [viz. Sewage Treatment Plant (STP)] was installed to prevent the contamination of water through the water bodies/ nalas in hilly slopes before it mixes with the main water bodies/ river.

While interaction with the beneficiaries during physical verification (in the rural areas of the five selected districts), out of 400 IHHs, 304 IHHs (76 per cent) did not segregate waste into bio and non-biodegradable wastes. The IHHs also confirmed that wastes were not collected from door to door and they were forced to dump the wastes either in open places or burn the wastes in nearby slopes of the hills as per their convenience. Moreover, the liquid wastes was also not treated to resist the contamination of water bodies/ river.

The Department accepted the facts and stated (October 2021) that necessary steps would be taken to protect the environmental pollution.

***Recommendation:*** *The State Government should maintain information on generation, collection and disposal of solid waste in all the districts for facilitating management of waste in a systematic manner. Door-to-door collection of waste on daily basis should be ensured in rural areas as this would not only encourage public participation in management of solid waste but also avoid indiscriminate disposal of waste by the public. Segregation of waste should also be given greater priority through public awareness campaign. Disposal of waste in open places or burnings of waste in open should be stopped immediately and processing of waste scientifically should be introduced in rural areas at the earliest.*

#### **2.2.14.6.1 Diversion of funds**

Under SLWM, there is no provision for construction of pig stys. It was noticed in Audit that PHED, Seppa Division constructed 176 nos. of pig stys with an expenditure of ₹One crore in March 2019 under SLWM. The details of expenditure incurred for construction of pig stys are detailed in **Appendix 2.4**. The matter was not reported to the concerned authority *i.e.* the Ministry for approval.

***Recommendation:*** *The State Government may initiate the process for obtaining ex-post-facto approval from the authority concerned.*

#### **2.2.14.7 Hygiene**

Paragraph 5.3.3 (C) of SBM (G) envisages hand-washing and personal hygiene including hand-washing in school before Mid-Day-Meal.

Audit observed that the five sampled districts (including Urban and Gramin) incurred an expenditure of ₹1,490.30 lakh under IEC for creating awareness. During physical verification of 600 IHHs (including Urban and Gramin), 14 IHHs (2.30 per cent) accepted not using soap for washing hands before or after meal or after using toilet.

490 IHHs (82 *per cent*) had no provision of running water and water storage facility in their toilet.

Audit also observed that out of 3,144 schools in the State, pupils at 1,984 schools (63 *per cent*) schools either have no toilet or no access to a functional toilet and absence of water supply in the schools. In the absence of toilets, students had to defecate in the open or nearby jungle without proper post-defecation cleaning. During physical verification of the 97 schools in the five sampled Districts, it was also observed that 1,882 students from 16 schools (16 *per cent*) did not use soap before and after meals or the toilet. There was no water supply in 43 schools out of 97 schools (44 *per cent*), which compromises the hygiene of 3,493 students in these schools.

The Department accepted the Audit findings and replied (October 2021) that an awareness drive would be carried out with involvement of school children and the matter on construction of toilets in the schools would be taken up with the Education Department. The Department also added that the water supply at school was improved with the implementation of Jal Jeevan Mission (JJM) in the State.

***Recommendation: The State Government should immediately involve the Education Department and the Woman and Child Development Departments actively for imparting proper sanitation and hygiene education in schools and aganwadi centres and to make the toilets functional by providing water supply.***

#### **2.2.14.8 Gender Equality and Inclusive Sanitation**

Annexure-XI on Guidelines on Gender issues in sanitation under SBM (G) stipulates that lack of safe, private spaces for women and girls to wash or tend to their personal hygiene needs when menstruating, severely restricts their ability to fully participate in daily activities, including attending schools. Unavailability of toilet is one of the most acute problems for children, women and young girls in Arunachal Pradesh. The lack of CT/ PT in urban areas was discussed in **Paragraphs 2.2.14.2.1 and 2.2.14.2.2.**

Out of 2,842 schools in the State, 1,687 schools do not have separate girls' toilets. In the absence of toilets, the female students had to use the boy's toilet or go home early or go to the nearby jungle/ bush to relieve themselves. Of the 97 schools physically verified in five sampled Districts, 85 schools (87 *per cent*) had failed to make provision for proper disposal of sanitary napkins. In the absence of any provision, students and teachers either throw used sanitary towels in open or go home early to dispose them of. Moreover, the lack of separate and clean toilets causes discomfort, discourages them from attending school during menstruation, and eventually increases drop outs from school.

According to the World Health Organisation (WHO), the lack of adequate sanitation for girls in schools is one of the reasons for the decline in female enrolment. The same has been observed in the State over the past five years. Details of boys and girls enrolment during 2014-20 are shown in the table **Table 2.20.**

**Table 2.20: Nos. of Boys and Girls Enrolment during 2014-15 to 2019-20**

(Figures are in no.)

Year	Enrolment in Class I to V		Enrolment in Class VI to VII		Enrolment in Class IX to X		Enrolment in Class XI to XII		Total Enrolment		Grand Total
	Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls	
1	2	3	4	5	6	7	8	9	10=2+4+6+8	11=3+5+7+9	12=10+11
2014-15	75,067	78,616	34,143	38,797	21,208	20,235	15,046	14,471	1,45,464	1,52,119	2,97,583
2015-16	73,033	76,364	33,872	38,625	21,357	20,561	14,996	14,573	1,43,258	1,50,123	2,93,381
2016-17	57,150	60,297	30,128	35,406	19,932	19,655	12,274	12,083	1,19,484	1,27,441	2,46,925
2017-18	53,947	57,918	28,173	34,093	19,759	19,727	12,959	13,131	1,14,838	1,24,869	2,39,707
2018-19	46,410	50,084	26,425	32,368	17,809	18,450	9,809	10,234	1,00,453	1,11,136	2,11,589
2019-20	44,471	49,273	23,936	29,921	13,812	16,180	8,089	9,473	90,308	1,04,847	1,95,155

Source: Information furnished by the Education Department, GoAP

The Department stated (October 2021) that efforts were taken to provide separate girls toilet. It was also stated that vending machines and incinerators were installed in 20 locations of Middle/ Secondary Level Schools/ Hostels to take care of safe use and disposal of sanitary napkins and phase-wise facilitations in other needy schools would also be explored.

**Recommendation:** *The State Government should take immediate steps to install scientific sanitary disposal systems like incinerators in all schools.*

#### 2.2.14.9 Information Education and Communication (IEC) and Public Awareness (PA) under SBM (U)

Paragraph 8.4 of SBM (U) guidelines provides for the preparation of an annual action plan for IEC and PA by the State and approval by the High Power Committee (HPC). In addition, the communication material for the change of behaviour should be designed in consultation with the Ministry of Information and Broadcasting and Ministry of Health and Family Welfare.

During 2014-15 to 2019-20, the Mission Director incurred expenditure of ₹913.10 lakh. The fund received and expenditure incurred in the sample urban centers are shown in **Table 2.21**.

**Table 2.21: Fund received and expenditure under IEC for five sampled Urban Centres during 2014-20**

(₹ in lakh)

Urban Centers	Fund received	Expenditure	Activities taken up
Bomdila	6.84	6.64	Awareness campaign to sensitise for ill effects of unhygienic surroundings, spreading messages of sanitation through electronic and print media; NGO's and community leaders and organisations.
Itanagar	86.28	86.28	
Jairampur	27.88	27.88	
Seppa	11.94	10.89	
Tezu	8.62	8.62	
<b>Total</b>	141.56	140.31	

Source: Departmental records

It could be seen out of the total fund received of ₹141.56 lakh, MD(U) expended ₹140.31 lakh (99.12 per cent) during 2014-15 to 2019-20.

The IEC's Annual Action Plan at the State level was drawn up for the years 2016-17 and 2017-18 only. Audit noticed that none of the selected urban centres (Tezu, Jairampur, Itanagar, Bomdila & Seppa) had drawn up detailed IEC plans at the urban level which resulted in non-implementation of approved activities such as sending bulk SMS,

incentivising Nehru Yuva Kendra volunteers, appreciation and recognition of IHHs/ colonies/ wards, awareness through plays and exposure. Moreover, no communication materials for the change of behaviour were designed nor any consultation was made with the Ministries as per the guidelines.

By dispensing with these activities, people could not be effectively motivated to achieve mission's goals. The impact was reflected during the interaction in physical verification with 200 IHHs in the urban centre conducted by audit. Out of 200 IHHs, 18 IHHs (nine *per cent*) reported suffering from diseases due to the unhygienic environment, 19 IHHs (9.50 *per cent*) throw children's faeces outside due to insufficient awareness and 62 IHHs (31 *per cent*) have no knowledge of hygienic practices. Moreover, 131 IHHs (65.50 *per cent*) experienced the enforcement department's coercive tactics of changing behaviour or stopping defecation outdoors. 146 IHHs (73 *per cent*) had no knowledge of separating waste into biodegradable and non-biodegradable components.

The Department stated (October 2021) that though there is no formal plan for IEC in place, the IEC activities have been done regularly in consultation with the major stakeholders like school, SHG, PRI *etc.*

#### 2.2.14.10 IEC and Public Awareness SBM (G)

Paragraph 6.2.4 of SBM(G) guidelines stipulate state level activities like advertisement on Radio, social media, regular felicitation of local champions for spreading awareness, connecting through innovative tools like community radio and swachhata raths under IEC. The review of records revealed that SBM's message was only being broadcast in newspapers and there was the felicitation of local champions for spreading awareness. No innovative tools like community radio or swachhata raths were used under IEC. Audit also observed that the Department did not prepare the annual communication plan, in the absence of which, training materials for community mobilisers could not be made effective for implementation of IEC plans. The Department stated (October 2021) that they have formal annual communication plan in place, but copies of the same were not furnished to Audit. The Department also added that IEC activities have been adversely affected because of fund shortage. But no record was furnished to Audit in support of the claim.

During 2014-15 to 2019-20, the MD(G) incurred expenditure of ₹4,591.01 lakh under IEC. Out of the total fund received, the fund received and expenditure incurred in the five sample urban centers is shown in **Table 2.22**.

**Table 2.22: Fund received and expenditure of IEC for five sampled Districts during 2014-20**  
(₹ in lakh)

District	Fund received	Expenditure	Activities taken up
East Kameng	236.32	236.32	Awareness campaign to sensitise for ill effects of unhygienic surroundings, spreading messages of sanitation through electronic and print media; NGO's and community leaders and organisations.
Changlang	184.40	184.40	
Lohit	181.65	179.08	
Papum Pare	302.94	301.40	
West Kameng	96.94	96.71	
<b>Total</b>	<b>1,002.25</b>	<b>997.91</b>	

Source: Departmental records

It could be seen out of the total fund received of ₹1,002.25 lakh, MD (G) expended ₹997.91 lakh (99.56 *per cent*) during 2014-15 to 2019-20.

In the physical verification of 400 IHHs in the five selected districts, 53 IHHs (13.25 per cent) reported suffering from diseases due to the unhygienic environment; 43 IHHs (10.75 per cent) throw children's faeces outside due to the lack of awareness; 37 IHHs (9.25 per cent) had no knowledge of hygienic practices. Moreover, 19 IHHs admitted defecating in open due to their habit and 304 IHHs (76 per cent) had no knowledge of separating waste into biodegradable and non-biodegradable components. Further, three IHHs admitted defecating in open in absence of access to IHHs.

The Department replied (October 2021) that many reputed NGOs were engaged for carrying out IEC awareness campaign apart from Consultant and Block Co-ordinators through Inter Personal Communication (IPC). The Department also utilised the social media<sup>24</sup> platform for spreading awareness to the optimum beneficiaries. Moreover, the Department would emphasise upon awareness during the promotion of SBM (G) Phase-II.

#### **2.2.14.11 Capacity Building (CB) and Administrative Expenses (AE) under SBM (U) and (G)**

Paragraph 9.6 of SBM (U) guideline stipulates that States and ULBs should identify relevant officials (both senior and field officials) for training and prepare a training calendar for them. The head of the State Mission must also ensure that identified officials undergo adequate training to ensure the success of the SBM (U) in the state. In addition, states should also identify relevant officials/ persons who can disseminate sanitation training under SBM (U) as "master trainers," who can participate in central government training on SBM (U) and then organise training to spread the SBM (U) message in the state.

Audit found that the Mission Director has not prepared an annual capacity-building action plan and no officials for training have been identified. Also, no training calendar was prepared to systematically provide training to the officers identified.

The Department accepted the audit finding and stated (October 2021) that they do not have a documented Annual Training Plan in place but also added that trainings are being conducted regularly. Also, whenever required trainees are sent outside State. Suggested list of Experts/ Master trainers was received from Ministry and the same were used for workshop/ training at State Level. The Department added that they would maintain documents in future.

Paragraph 6.3 of SBM (G) guidelines states that the DSP of each district should have details of the annual CB Action plan covering every GP in the district, with identification of the training institute/ agency, training components and the intended trainees, with definite timelines.

Audit observed that none of the five sampled districts prepared DSP. As such there were no detailed annual CB Action plans in the sampled districts. At the Mission Directorate, workshops and trainings were organised for ASHA workers, Swachhagrahis and Block Co-ordinators. But in the sampled Districts, no workshops/ conferences were conducted among officials at grass root level. No trainings were conducted for the

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<sup>24</sup> You Tube Channel namely "Swachh Arunachal", Twitter handles and WHATSAPP Groups in every District/ Division and HQ level

Sanitation Workers in the sampled districts and no full time Block Sanitation Officer was appointed in any of the sampled districts.

The reason for the ineffective capacity building was non-preparation of State Capacity Action Plan and detailed annual capacity building action plan covering every GP in the Districts as stipulated in the guidelines.

The Department stated in the exit conference (October 2021) that trainings are being conducted regularly by the Department and they have also constituted training cell in each division, however, the Department was silent about preparation of Annual CB Action Plan.

## **2.2.15 Monitoring and Evaluation**

### **2.2.15.1 Monitoring SBM (U)**

The SBM guideline for urban component provides for a strong monitoring and evaluation mechanism for the successful implementation of SBM (U). Audit observed the deficiencies in monitoring and evaluation mechanism in construction of IHHLs, CTs, temporary misappropriation and disposal of solid waste as discussed in **Paragraphs 2.2.14.1.1, 2.2.14.2.1, 2.2.13.3.3 and 2.2.14.5.3.**

The Department replied (September 2021) that MD(U) through the State Level Nodal Agency monitors the progress and performance of SBM(U). All critical data on progress/ status of various components are evaluated through Monthly MIS Portal uploaded by ULBs.

### **2.2.15.2 Monitoring in SBM (G)**

Paragraph 5.2.10 of the SBM (G) Guidelines stipulates that an effective monitoring mechanism shall be put in place for monitoring both - outputs (toilet construction) and outcomes (toilet usage), which could, *inter-alia*, be in the monitoring of open defecation in the GP. The MD (G) constructed 1,40,682 nos. of IHHLs during 2014-15 to 2019-20. However, the Department failed to assess the cases of open defecation in absence of established mechanism to monitor the usage of toilets as discussed in **Paragraph 2.2.14.3.2.**

Paragraph 6.8.2 of the guidelines provides that Suitable Operation and Maintenance, and monitoring guidelines may be issued by the State to ensure proper maintenance of the complex. Audit observed absence of monitoring guidelines to ensure proper maintenance of the CSCs as discussed in **Paragraph 2.2.14.4.**

The Department replied (October 2021) that monitoring of work was being done online every month for activities undertaken under SBM (G). However, the Department accepted the need of increasing the number of physical verifications of the facilities.

### **2.2.15.3 Evaluation studies in SBM (G) and (U)**

Paragraph 17.1 of SBM (G) guidelines stipulates that the States should conduct periodical evaluation studies on the implementation of SBM (G) programme at the State level. Evaluation studies may be conducted through reputed institutions and organisation as decided by the State. Copies of the reports of these evaluation studies conducted by the States should be furnished to the GoI. Remedial action should be

taken by the States on the basis of the observations made in these evaluation studies. The guidelines also states that at the central level, the performance of the states under the mission shall be evaluated from time to time through agencies of repute. However, no evaluation study was conducted by state or any reputed institutions/ organisation appointed by it.

The Department stated (October 2021) that no evaluation studies were carried out and added that the evaluation studies would be carried out in future.

#### **2.2.15.4 Social Audit**

Paragraph 6.11.6 SBM (G) guidelines envisaged that State will make arrangements for concurrent monitoring and social audits. The GP would organise and assist in organising Social Audits of the programme. Social Audit meeting will be held in each GP once in six months. The responsibility of Social Audit of the programme shall be given to any specific village level body/ committee/ SHG *etc.* which shall be carried out in coordination with the GP. The support organisations can assist in Social Audits.

Audit observed that the State did not make any arrangement for Social Audits in respect of both SBM (U) and (G).

#### **2.2.16 Impact assessment**

##### **2.2.16.1 ODF Status**

One of the principle objectives of SBM was to accelerate the sanitation coverage to eliminate open defecation in both Urban and Rural areas of the State by 02 October 2019. The State Government did not take any steps to align the target sets by the NITI Aayog as per the targets of SDG to end open defecation by 2030.

##### **2.2.16.1.1 ODF status in SBM (U)**

Annexure V of SBM (U) guidelines stipulates that a city/ ward can be notified/ declared as ODF city/ ODF ward if, at any point of the day, not a single person is found defecating in the open.

The GoI engaged Quality Council of India as an assessment agency for ODF declaration. On the basis of these assessments, MoHUA, GoI declares Urban Centres as ODF. Out of 33 urban centres, only 16 urban centres (48 *per cent*) were found to have been declared ODF in Arunachal Pradesh by Quality Control of India (QCI). The town wise ODF status is given in **Appendix 2.5**.

Paragraph 5.1.of SBM (U) guidelines stipulates that all households that have space should construct a toilet, and those households that do not have space to construct toilet, must have access to the CT. Audit observed that none of the ODF declared town had completely achieved the IHHL and CT targets fixed for ODF during 2014-15 to 2018-19. The rate of achievements ranged from 14.55 to 93.32 *per cent* for IHHL. The achievement for the construction of CT in 12 urban centers out of the 16 ODF declared urban centers was nil. Details of targets and achievements in construction of IHHL and CT in the ODF declared towns are shown in **Table 2.23**.

**Table 2.23: Targets and achievements in construction of IHHL and CT in the ODF declared towns during 2014-15 to 2019-20**

(Figures are in nos.)

Sl. No.	Town	IHHL			CT		
		Target	Achievement	Percentage	Target	Achievement	Percentage
1.	Aalo	406	347	85.47	6	3	50
2.	Basar	208	97	46.63	4	0	0
3.	Boleng	132	75	56.82	3	0	0
4.	Bomdila	192	69	35.94	6	0	0
5.	Changlang	205	51	24.88	4	0	0
6.	Deomali	680	532	78.24	3	0	0
7.	Dirang	155	31	20	3	0	0
8.	Khonsa	372	272	73.12	3	3	100
9.	Koloriang	241	149	61.83	3	0	0
10.	Miao	445	333	74.83	3	0	0
11.	Namsai	700	218	31.14	5	0	0
12.	Pasighat	740	602	81.35	8	4	50
13.	Roing	625	524	83.84	5	0	0
14.	Tawang	210	160	76.19	5	0	0
15.	Tezu	1601	251	14.55	5	0	0
16.	Ziro	419	391	93.32	5	3	60

Source: Record furnished by the Mission Director (Urban)

In the absence of achievement of target, the households which were not provided IHHL and CT were either defecating in open or using insanitary toilet. Moreover, the MD(U) did not take any steps to provide PT in the above mentioned towns to end the open defecation. Thus, the declaration of these urban centres as ODF was in violation of the scheme guidelines.

The Department stated (October 2021) that the reason for non-achievement of target was due to the non-release of 2<sup>nd</sup> instalment by the GoI. The reply of the Department could not be acceptable because the non-release of fund was due to the non-preparation of CSP and State Sanitation Strategy by the Mission Director SBM (U) as discussed in **Paragraph 2.2.14.1.**

In addition, during physical verification, Audit also found that the Tezu Kholla settlement in Lohit district, near the Lohit River in the town of Tezu, which has already been declared ODF by QCI, has neither a toilet facility within the house nor access to the community/ public toilets. In the absence of toilet facility, the occupants have to defecate at the nearby river bank. During physical verification, Audit found individual defecating in open and also found human faeces at the river bank. Open defecation on the river bank contaminates water, as the same river water is used for various purposes like drinking, cooking, bathing and washing.

The Department accepted the audit findings (October 2021).

#### **2.2.16.1.2 ODF status in SBM (G)**

Paragraph 3 of SBM (G) guidelines stipulates that ODF would mean the termination of faecal-oral transmission, defined by, a) no visible faeces found in the environment/ village and b) every IHHs as well as public/ community institution(s) using safe technology option for disposal of faeces. Audit observed absence of toilets in schools

and anganwadi centres, Installation of pre-fabricated toilets and defecation in open due to habit as discussed in **Paragraphs 2.2.14.3.4, 2.2.14.3.2 and 2.2.14.10.**

### 2.2.16.2 Physical verification of IHHL

In the course of Performance Audit, physical verification was conducted for 400 IHHs by Audit jointly with the officers from PHED&WS in respect of SBM (G) and 200 IHHs with the officers from UD&H in respect of SBM (U) to access the impact of construction of IHHLs. The IHHLs physical verification involved interaction with the respective IHHs to ascertain the impact of the implementation of the project.

The IHHs physical verification in SBM (G) was conducted in five selected districts (West Kameng, East Kameng, Papum Pare, Changlang and Lohit) covering 400 IHHs in 20 GPs under 10 blocks and 05 urban centres (Bomdila, Seppa, Itanagar, Changlang and Tezu) covering 200 IHHs in respect of SBM (U). Summary of the analysis out of responses gathered from 600 IHHs is given in the **Appendix 2.6.**

From the responses to the questionnaires (as indicated in the **Appendix 2.6**), the following observations are made:

Sl. No.	Criteria	Number of IHH
1.	Total household Physical verification	600
2.	Access to toilet	566
3.	Water Availability in the toilet	558
4.	Availability type	Running water
5.		Carried from distance
6.	Sludge disposal	19 uses open pit, 526 uses CST, 06 uses katcha toilets and 05 disposes in stream while 12 in open drain
7.	Tank empty method by manual scavenging	510
8.	Cases of Open defecation	50
9.	Children below 3 years	152
10.	Disposal of child faeces	45 dispose in toilet, 12 bury in soil, 62 throw in open places, 16 burn in open, 08 throw in dustbin and 5 in river
11.	Had knowledge about hygienic practices	501
12.	Cases of Disease	71
13.	Types of disease	28 cases of diarrhea, 05 cases of jaundice, 10 cases of malaria, 04 cases of typhoid.
14.	Use of soap after toilet	586
15.	Segregation of waste at source	150
16.	Door to door collection of waste	135
17.	Water storage facility in the toilet	284
18.	Both the gender share equal responsibility towards cleaning toilet	513

Source: Joint Physical verification by the Audit Team and Department Officials

### 2.2.17 Conclusion

Although the State has implemented the SBM at a cost of ₹548.23 crore, Audit observed that the objectives of SBM(G) was not achieved by 02 October 2019 *i.e.* within five years, due to non-inclusion of all the households without toilet in the baseline survey in absence of effective Village Water Sanitation Committee (VWSC) at the village level. As a result, the Department had to construct excess of 44,712 IHHLs (during the period 2014-15 to 2019-20) than the target set in PIP to cover all the households which were not included in the baseline survey. Also, due to non-preparation of State Sanitary Strategy (SSS) for the State and City Sanitation Plan (CSP) for 28 urban centres under SBM (U) the 2<sup>nd</sup> instalment was not released which resulted in non-achievement of the targets by 02 October 2019. Further, due to poor monitoring, instances of sub-standard work, temporary misappropriation of fund, *etc.* were noticed during the Mission period.

### 2.2.18 Recommendations

The State Government may-

1. ensure that the targets for Open Defecation Free status under SBM (Urban) could be achieved at earliest.
2. constitute and involve District Swatch Bharat Mission Management Committee in preparation of District Sanitation Plan at district level. Also, Village Water Sanitation Committee may be actively involved during survey for further inclusion of Individual Households (IHHs) with defunct, insanitary and emerging new IHHs without toilets for achieving Open Defecation Free status under SBM (Gramin).
3. expedite the process for preparation of City Sanitation Plan for 28 urban centres and State Sanitation Strategy under SBM (Urban).
4. take steps to monitor the environment pollution and health hazards due to dumping/ burning/disposal of wastes near the water bodies/ River.
5. ensure to provide/ make functional the toilets to the schools and anganwadi centers with water supply and also take steps to provide toilets to the IHHs whose toilets became defunct.
6. introduce effective monitoring mechanism for proper implementation of the Mission objectives and conduct evaluation studies through reputed institutions/ organisation and take periodical remedial action on the basis of the observations made in these evaluation studies. Moreover, steps may also be taken for conducting Social Audit.

## Compliance Audit Paragraph

### URBAN DEVELOPMENT AND HOUSING DEPARTMENT

#### 2.3 Mis-appropriation of funds leading to non-completion of project

**Deputy Director, Urban Development and Housing Department, Bomdila Division misappropriated Government money of ₹ 1.43 crore in nine components under the project “Construction of Vendors Market Shed at Dirang” leading to non-completion of project as per approved specification and the project remaining idle for more than three years from the date of completion.**

Ministry of Housing and Urban Poverty Alleviation, Government of India (GoI) introduced Centrally Sponsored Scheme (CSS) ‘10 per cent lumpsum provision’ for the benefit of North Eastern Region from the financial year 2001-02. The objective of the scheme was to ensure speedy development in urban area under the North Eastern Region by increasing new projects/ schemes in the Region. The funding pattern under the project was to be shared in the ratio 90:10 between the GoI and the Government of Arunachal Pradesh (GoAP).

As per Paragraph 4(vii) of the scheme guidelines, construction of Women’s markets/ vendors markets/ vending zones was permissible. Paragraph 8(xii) and (xiii) of the scheme guideline also envisages that the State Government should ensure that external power/ water supply immediately be made available on completion of the project and mechanism for handing over assets created and its operations and maintenance under any projects under the scheme should be clearly delineated before submission of a proposal to the Ministry. Paragraph 15(i) states that a Committee should be constituted under the Chairpersonship of District Magistrate/ Deputy Commissioner for overall supervision, direction and monitoring of the projects sanctioned.

Further, Section 2.5.1 of the CPWD works manual<sup>25</sup> 2014 stipulates that no estimate should be technically sanctioned unless detailed survey and feasibility report as prescribed in rule is submitted along with the estimate to enable the competent authority to see that the detailed estimate prepared takes into account all aspects of planning.

To provide a venue for small local growers to sell their goods in nearby areas, the Ministry of Housing and Urban Poverty Alleviation, Government of India (GoI) sanctioned (June 2014) an amount of ₹5.79 crore for “Construction of Vendors Market Shed at Dirang”. The State Government released the entire amount (including state share) of ₹5.79 crore<sup>26</sup> between December 2014 and February 2016 to Bomdila Division. The project was scheduled to be completed by 24 months *i.e.* by March 2017. The layout plan of the project was prepared by the Division to finalise the scope of work, which included 12 components including construction of Vendors Market (G+2) and other components, as under:

<sup>25</sup> Being followed by the State Government

<sup>26</sup> **Central Share:** 1<sup>st</sup> instalment- ₹171.96 lakh in December 2014, 2<sup>nd</sup> installment- ₹171.96 lakh in December 2015 and 3<sup>rd</sup> installment- ₹171.96 lakh September 2017

**State share:** ₹57.88 lakh in March 2016 and ₹5.00 lakh in February 2016

Sl. No.	Name of the components	Amount (in ₹)
1.	Building Portion	3,92,64,374.25
2.	Providing External Water Supply and Sewerage	18,86,689.23
3.	Rain Water Harvesting	7,36,517.92
4.	Open Parking Place	7,70,888.33
5.	Providing Railing in Parking	5,32,690.20
6.	Boundary Wall	21,86,518.05
7.	Storm Water Drain	7,55,170.00
8.	Protection Wall 4.00 mtr Height	23,12,938.20
9.	Protection Wall 6.00 mtr Height	29,70,880.00
10.	Solid Waste Management	1,00,000.00
11.	Children Park	7,67,243.00
12.	Carriage of material	28,20,113.00
<b>Total (1 to 12)</b>		<b>5,51,04,022.18</b>
Add: Consultancy charges (One per cent)		5,51,040.23
Add: Labour Cess (One per cent)		5,51,040.23
Add: Contingency Charges (Three per cent)		16,53,120.67
<b>Grand Total</b>		<b>5,78,59,223.31</b>

The Chief Engineer-cum-Director, Urban Development & Housing Department (UD&HD), accorded (January 2015) Technical Sanction (TS) for the work at a cost of ₹5.62 crore with a delay of six months from the date of sanction of project. The Division floated the Notice Inviting Tender (NIT) of the work in January 2015. The work was awarded (March 2015) to an Itanagar based firm<sup>27</sup> at a tender amount of ₹5.38 crore. The work commenced on 09 March 2015 and was shown as completed on 31 March 2018 with a delay of 12 months from the scheduled date of completion with an expenditure of ₹5.79 crore<sup>28</sup>.

Scrutiny of the records of the Deputy Director, UD&HD, Bomdila Division revealed that no survey was made nor feasibility report prepared to assess the requirements of the sheds in the market before preparation of the DPR for submission to the Ministry for approval as per the CPWD manual. Instead the project was undertaken on the basis of the assumption that the vendors market would be required due to construction of 320 houses under Pradhan Mantri Awas Yojana-Urban (erstwhile Rajiv Awas Yojana) in the close proximity.

It was, further, noticed that the mechanism for handing over assets created, its operations and maintenance under the project was not clearly delineated before submission of the proposal to the Ministry. Moreover, no committee was constituted under the Chairpersonship of District Magistrate/ Deputy Commissioner for overall supervision, direction and monitoring of the projects sanctioned as per the guidelines.

Cross verification of completion certificate, Measurements Books and Running Account Bills revealed that the Division paid (between March 2015 and March 2018) an amount of ₹5.38 crore to the contractor. The Division incurred total expenditure of ₹5.65 crore<sup>29</sup>. It was noticed that after incurring an expenditure of ₹5.65 crore, the project remained idle since date of completion (March 2018).

<sup>27</sup> M/s Kakum Enterprises

<sup>28</sup> As per the completion report

<sup>29</sup> Contract value: ₹5.38 crore + Consultancy charges (one per cent): ₹0.054 crore + Labour Cess (one per cent): ₹0.054 crore + Contingency Charges (three per cent): ₹0.016 crore

To assess the actual status of the project, Audit conducted (April 2021) joint physical verification with departmental official, at the work site. It was noticed that the Vendors Market/ Building having 39 rooms in three floors (including Ground floor) was lying idle for over 36 months since its completion without any sign of maintenance and utilisation. It was also observed that the location of the market shed was away from the main town (about 1.50 kms.) due to which the vendors were reluctant to move to new facility created. Thus, the entire amount of ₹5.65 crore incurred on construction of the building was wasteful as the objective of providing a venue for small local growers to sell their goods was not achieved.

The photographic evidence for the completed construction lying idle are depicted below:



Moreover, Audit observed in Joint Physical Verification (JPV) that, out of total 12 components, nine components were not executed, while an expenditure of ₹1.43<sup>30</sup> crore was shown as incurred and paid in March 2016 and March 2018 to the contractor on the basis of the recorded Measurement Book (MB), as shown in **Table 2.24**

**Table 2.24: Details of items not found executed**

Sl. No.	Sub-heads/ Component of work	Quantity	Expenditure incurred (in ₹)
1.	Providing external water supply and Sewage system	1	18,42,404.00
2.	Open parking Place (in sqm.)	372.23	7,53,021.29
3.	Providing Railing in parking (in mtrs.)	281.40	5,20,170.71
4.	Boundary wall (in mtrs.)	171.00	21,37,500.00
5.	Storm water drain (in mtrs.)	130.00	7,37,490.00
6.	Protection wall 4.00 mtr. Height (in mtrs.)	132.10	2255671.97
7.	Protection wall 6.00 mtr. Height (in mtrs.)	88.00	28,99,600.94
8.	Solid waste management (in no.)	10.00	93,000.00
9.	Children park	1	7,49,135.00
10.	Carriage of Material <sup>31</sup>		27,61,753.90.00
<b>Total</b>			<b>1,47,49,747.81</b>
Less: Deduction for Cess and Royalties			4,86,516.04
<b>Paid to contractor</b>			<b>1,42,63,231.77</b>

Source: Departmental records

<sup>30</sup> Second Running Account Bill ₹0.04 crore and Third Running Account Bill ₹1.39 crore

<sup>31</sup> Bills/ MB shows carriage of material for open parking place (₹2,14,813.29), boundary wall (₹6,11,480.61) Storm water drain (₹1,31,695.20), retaining wall 4.00 mtr. height (₹7,91,028.01) and retaining wall 6.00 mtr. height (₹10,12,736.79)

Scrutiny of the MBs revealed that the MB (BUD/ DRG/ 38) was verified by the Deputy Director (now re-designated as Executive Engineer) before passing the RA Bill in March 2016 and March 2018. This indicated absence of standard checks for scrutinising and approving of the bills resulting in suspected mis-appropriation of ₹1.43 crore. Moreover, the claim of the Division for completion of the project was false, as nine works were not-executed including external power/ water supply and as seen in the JPV (April 2021).

Some of the photographic evidences for the non-existing items as stated in **Table-2.24** are shown below:



*The empty site where 'Open Parking Place' was to be executed*



*Building without 'Boundary Wall and Protection Wall'.*

The matter was reported to the State Government in May 2021. The reply is awaited as of April 2022.

***Recommendation:*** *The State Government may take appropriate action against the concerned Deputy Director after fixing the responsibility for certifying incomplete building as completed. Further, the State Government may also take action against the contractor for claiming of bills without executing works and steps may be taken to recover the amount from the contractor. The assets created may be utilised appropriately.*





**CHAPTER – III**  
**ECONOMIC SECTOR**



## CHAPTER – III: ECONOMIC SECTOR

### 3.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2020 deals with the audit findings on the Departments of the State Government under the Economic Sector.

During 2019-20, total budget allocation of the State Government under the Economic Sector (other than Public Sector Undertakings) was ₹11,935.94 crore, against which the actual expenditure was ₹7,325.78 crore (61.38 per cent). Details of Departmentwise budget allocations and expenditure incurred are given in the table below.

**Table 3.1: Budget allocation and expenditure under Economic Sector**

(₹ in crore)

Sl. No.	Department	Budget			Expenditure			Expenditure (in per cent)
		Revenue	Capital	Total	Revenue	Capital	Total	
1.	Agriculture	329.64	9.54	339.18	226.34	3.28	229.62	67.70
2.	Animal Husbandry and Veterinary	209.33	4.47	213.80	187.25	3.94	191.19	89.43
3.	Civil Aviation	51.29	51.99	103.28	39.43	8.02	47.45	45.94
4.	Co-operation	16.15	13.69	29.84	15.68	13.59	29.27	98.09
5.	Economic and Statistics	25.77	1.50	27.27	24.16	0.72	24.88	91.24
6.	Fisheries	27.88	20.00	47.88	26.54	11.90	38.44	80.28
7.	Food & Civil Supplies	292.46	3.46	295.93	289.19	1.75	290.94	98.32
8.	Horticulture	183.83	20.00	203.83	179.25	2.23	181.48	89.04
9.	Hydropower	198.55	60.00	258.55	177.06	41.67	218.74	84.60
10.	Industries	44.53	10.64	55.17	25.72	11.52	37.24	67.50
11.	State Council for Information Technology and EGovernance	57.82	5.00	62.82	60.97	0.00	60.97	97.05
12.	Legal Metrology and Consumer Affairs	11.26	0.29	11.55	10.61	0.00	10.61	91.86
13.	Panchayat Raj	203.77	0.00	203.77	86.71	0.00	86.71	42.55
14.	Power	813.00	223.21	1036.21	740.68	137.62	878.31	84.76
15.	Public work	1157.49	1331.90	2489.39	1082.50	1027.90	2110.40	84.78
16.	Rural Development	423.21	116.89	540.11	364.23	7.74	371.97	68.87
17.	Rural Works	189.39	1236.00	1425.40	177.99	1007.85	1185.84	83.19
18.	State Transport	115.00	23.00	138.00	110.59	6.71	117.30	85.00
19.	Textile & Handicraft	62.30	4.40	66.70	58.58	0.20	58.78	88.13
20.	Tirap, Changlang and Longding	1.08	65.79	66.87	0.94	48.26	49.20	73.57
21.	Tourism	61.33	19.37	80.70	42.21	3.19	45.40	56.26
22.	Trade & Commerce	4.41	0.80	5.21	3.98	0.00	3.98	76.52
23.	Water Resource	262.76	144.25	407.01	212.31	134.72	347.04	85.26
24.	Science & Technology	21.94	1.80	23.74	21.69	0.00	21.69	91.35
25.	Geology & Mining	52.53	2.65	55.18	14.37	0.12	14.49	26.26
26.	Environment & Forests	249.67	7.00	256.67	213.80	2.00	215.80	84.08
27.	Planning	54.41	3,437.46	3,491.88	45.99	412.05	458.04	13.12
<b>Total</b>		<b>5,120.82</b>	<b>6,815.12</b>	<b>11,935.94</b>	<b>4,438.79</b>	<b>2,886.98</b>	<b>7,325.78</b>	<b>61.38</b>

Source: Appropriation Accounts, 2019-20

It could be seen from the above that:

- In the Economic Sector, expenditure incurred by the Departments ranged between 13.12 and 98.32 *per cent* of the allocations made during 2019-20.
- Six Departments have incurred more than 90 *per cent* of total budget allocation viz. Food & Civil Supplies (98.32 *per cent*), Cooperation (98.09 *per cent*), State Council for Information Technology & E-Governance (97.05 *per cent*), Legal Metrology & Consumer Affairs (91.86 *per cent*), Science & Technology (91.35 *per cent*) and Economic & Statistics (91.24 *per cent*).
- The expenditure in all the Departments under this sector was less than their respective budgetary allocations for the year.
- The Revenue expenditure in the sector was ₹4,438.79 crore (60.59 *per cent*) of total expenditure.
- The Capital expenditure in the sector was ₹2,886.98 crore, (39.41 *per cent*) of the total expenditure.

### **3.1.1 Planning and Conduct of Audit**

Audit process starts with the assessment of risks faced by various Departments of the State Government and their subordinate offices based on expenditure incurred, criticality/ complexity of activities, level of delegated financial powers and assessment of overall internal controls.

Audit of 70 units of 13 Departments under the Economic Sector involving ₹4,925.13 crore (including expenditure of earlier years) under the Economic Sector was conducted during 2019-20.

Major findings detected in Audit during 2019-20 pertaining to the Economic Sector (*other than State Public Sector Undertakings*), are discussed in subsequent paragraphs of this Chapter.

## PERFORMANCE AUDIT

### DEVELOPMENT AND PROMOTION OF HORTICULTURE IN ARUNACHAL PRADESH

#### Horticulture Department

#### 3.2 An Overview

##### *Highlights*

The objective of Horticulture Department in Arunachal Pradesh is to provide technical and material support to the farmers to make Horticulture the mainstay of the State. To achieve its goal, various interventions such as area expansion in various fruits and spices, farm mechanisation, rejuvenation/ replanting in old senile farms, research and development, strengthening of existing government/private nurseries, etc. were taken up under various Centrally Sponsored Schemes and State Schemes in the State.

A Performance Audit on Development and Promotion of Horticulture in Arunachal Pradesh carried out covering the period from 2015-16 to 2019-20 revealed several deficiencies in implementation of programme/ schemes which are highlighted below.

- *The Department had not prepared long term plan such as Strategic/ Perspective Plan, State Agricultural Policy etc. due to which the State could utilise only 3.50 per cent (0.63 lakh Ha) of potential land available (18.00 lakh Ha) for horticulture activities.*

*The Department prepared the State Annual Action Plans (AAPs) for the years from 2015-16 to 2019-20 for onward submission to the Ministry. However, the State AAPs did not flow from the District Plans. Hence, the AAPs of the State were not demand driven.*

*(Paragraphs 3.2.7.1 & 3.2.7.2)*

- *An overall expenditure of ₹544.31 crore was incurred against the total allocation of ₹598.80 crore during 2015-16 to 2019-20 resulting in savings of ₹54.49 crore (9.09 per cent of total allocation).*

*(Paragraph 3.2.8.1)*

- *Against the total authorisation of only ₹960 lakh under two State Schemes, the Directorate and District Officers drew ₹1,720.41 lakh resulting in excess drawal of ₹760.41 lakh due to drawal of money by the District Officers through treasury even before issue of expenditure authorisation by the Government based on the sanction.*

*(Paragraph 3.2.8.7)*

- *There was decline in the area, production and productivity of the crops which indicated that the Department could not achieve its major objective of enhancing production and productivity of important horticulture crops in the State despite an expenditure of ₹359.53 crore from 2015-16 to 2018-19 (due to Covid, the Department could not update the data for area under cultivation, production and productivity after 2018-19).*

*(Paragraph 3.2.8.9)*

- *Out of 12 projects closed by North Eastern Council (NEC), 11 beneficiary oriented projects had a target of planting 4,305 Ha with a potential of annual income of ₹104.15 crore to farmers out of which the Department achieved 2,365.82 Ha resulting in shortfall of 1,939.18 Ha having a potential to earn ₹44.24 crore. The State Government had not earmarked or spent its own resources to revive these projects. Thus, due to closure of the projects by NEC and non-revival of the projects by the State Government, the intended objectives of the projects were not achieved.*

*(Paragraph 3.2.8.15)*

- *There was total avoidable expenditure of ₹61.30 lakh in the two sampled Districts due to procurement of planting materials at higher rate. Further, barbed wires were procured without assessing the requirement as per guidelines which resulted in excess procurement of barbed wires costing ₹58.04 lakh in three sampled Districts.*

*(Paragraphs 3.2.8.25 and 3.2.8.26)*

- *Due to absence of nurseries for State Horticulture Research and Development Institute (SHRDI) for research on quality planting materials and production of planting materials, the State is still deprived of quality planting materials of its own compelling the Department of Horticulture, GoAP to rely on import of planting materials which is a matter of concern as this has led to entry of foreign diseases affecting the existing garden.*

*(Paragraph 3.2.8.30)*

- *The capacity of one cold storage as per Detailed Project Report (DPR) was 160 MT. As per Mission for Integrated Development of Horticulture (MIDH) guidelines, the cost of 160 MT of cold storage was ₹16.00 lakh of which ₹8.00 lakh (50 per cent) shall be government assistance. However, the Department had released assistance of ₹90.00 lakh resulting in excess payment of ₹ 82.00 lakh.*

*(Paragraph 3.2.9.8)*

- *The Department made advance payment of 90 per cent of contract amount (₹1,350.00 lakh) for construction of three Centres of Excellence (CoEs) to North Eastern Regional Agricultural Marketing Corporation (NERAMAC) Limited in violation of General Financial Rules. Moreover, the Department did not obtain Bank Guarantee (BG)/ Performance Guarantee (PG) to safeguard the interests of the Government. Also, the Department did not impose a penalty of ₹104.30 lakh for non-completion of the work within the stipulated period of six months in absence of the BG/ PG.*

*(Paragraph 3.2.9.12)*

- *The monitoring mechanism needs to be strengthened to achieve the optimum expansion in horticulture sector and the assets created may be utilised for increasing the per capita income of the beneficiaries.*

*(Paragraph 3.2.11)*

### **3.2.1 Introduction**

The Horticulture sector has emerged as a prominent sector in the Indian agricultural scenario contributing to the overall economic growth besides providing nutritional and health benefits, given its wide variety of products that are available round the year.

The State of Arunachal Pradesh, owing to its vast geographical area {83,743 square kilometres (sqkm.)} with varied agroclimatic conditions and a thin population density of 13 persons per sqkm. offers immense scope for horticulture development. The State has about 18.00 lakh hectare (Ha) land available for undertaking horticulture activities of which only about 0.63 lakh Ha (3.50 *per cent*) has been utilised producing 1,72,386 MT of horticulture products as recorded during 2018-19<sup>1</sup>. Major Horticulture crops of the State are Orange, Pineapple, Kiwi, Apple, Large Cardamom, Ginger, Turmeric and Off-season vegetables.

Government of Arunachal Pradesh (GoAP) bifurcated the Agriculture Department and created Horticulture Department in 1991. The Department implements Horticulture programmes and policies of the GoAP and Government of India (GoI). During the period 2015-16 to 2019-20, the Department implemented various Horticulture Development Schemes/ Projects in the State under Centrally Sponsored Schemes (CSS) and State Sponsored Schemes as detailed in **Appendix 3.1**. Mission for Integrated Development of Horticulture (MIDH), a Centrally Sponsored Scheme, is a major horticulture intervention implemented in the State for holistic growth of the horticulture sector with a cost sharing ratio of 90:10 between GoI and GoAP.

### 3.2.2 Organisational Arrangement

The Secretary to the GoAP, Department of Horticulture-cum-Managing Director of Arunachal Pradesh Small Farmers Agri-Business Consortium (APSFAC)<sup>2</sup> is the administrative head and responsible for implementation of policies, programmes and schemes (all Central and State) in the State. He is assisted by the Director of Horticulture (DH)-cum-Mission Director of the State Horticulture Mission (SHM)<sup>3</sup>, Mission for Integrated Development of Horticulture (MIDH). The DH is assisted by two Joint Directors, three Deputy Directors of Horticulture (DDH) and one District Horticulturist at the Headquarters. The Director is also assisted by seven Horticulture Development Officers (HDOs) in dealing with Central Schemes like MIDH, North Eastern Council (NEC), Rashtriya Krishi Vikas Yojana (RKVY), Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) *etc.* and State Schemes such as Chief Minister's Sashakt Kisan Yojana (CMSKY), Cabinet Committee on Infrastructure (CCI), State Government Nurseries *etc.* at the Directorate Office.

At the District level, the DH is assisted by two DDH (one each at Salari-Khazalang and Jomlo Farm), two Horticulturists (one each at Regional Apple Nursery, Dirang and State Horticulture Farm, Shergaon), 25 District Horticulture Officers (DHOs), nine Sub-Divisional Horticulture Officers (SDHOs) and one Sub-Divisional Agriculture Officer (SDAO). At the Block and Circle level, the implementation of the Schemes is being monitored by 86 Horticulture Development Officers (HDOs) who are assisted by the Horticulture Field Assistants.

<sup>1</sup> Due to Covid, the Department could not update the data for area under cultivation, production and productivity after 2018-19

<sup>2</sup> Its function is to catalyse agro industrial growth in different parts of Arunachal Pradesh based on principles of ecological sustainability economic efficiency and social equity

<sup>3</sup> Its function is to develop horticulture to the maximum potential available in the State and to augment production of all horticultural products

### 3.2.3 Audit Scope and methodology

The performance audit of development and promotion of horticulture in Arunachal Pradesh covered a period of five years (2015-16 to 2019-20). The State was divided into two zones viz. Western Zone (WZ) and Eastern Zone (EZ) and by using Simple Random Sampling without Replacement (SRSWOR) method with weightage to the expenditure incurred on schemes<sup>4</sup> in the districts. Two districts from each zone were selected for detailed examination. The four selected districts were: Papum Pare and Lower Subansiri Districts from WZ and East Siang and Upper Siang Districts from EZ. All the four CSS schemes/ projects<sup>5</sup> and six<sup>6</sup> out of 45 State Schemes implemented during the review period were also covered in the performance audit.

The Performance Audit commenced with an Entry Conference with the Secretary, Horticulture Department on 28 September 2020 wherein the objectives and scope of the performance audit were discussed. Subsequently, Audit examined records and other evidences in the Directorate of Horticulture and DHOs of the four selected Districts. Besides, beneficiary survey (320) and joint physical verification of facilities were conducted in the sampled Districts.

Audit findings were discussed with the Director of Horticulture and other departmental officials in the Exit Conference held on 18 October 2021. The replies of the Department received in the Exit Conference were suitably incorporated in the report in the appropriate places.

### 3.2.4 Audit objectives

The main objectives of the Performance audit are to ascertain whether:

1. Effective planning process was in place fixing priorities in consonance with the diverse agro climate features. Whether various schemes/ projects for increase of production area and productivity of horticulture crops were planned effectively;
2. Implementation of the schemes/ projects and provision and utilisation of funds was efficient and effective and has resulted in increased acreage of horticultural crops and diversification of horticultural production as envisaged;
3. The promotion of technology, extension, post-harvest management, processing and marketing for holistic growth of horticulture sector in consonance with comparative advantage in the State/ region was achieved;
4. The skills of the local youth have been developed to create employment opportunities in the horticulture sector; and
5. Monitoring and evaluation system including internal controls were adequate and effective.

### 3.2.5 Audit Criteria

Audit findings were benchmarked against the following criteria:

- Operational Guidelines of MIDH, RKVY, PMKSY *etc.* and other relevant scheme/ project guidelines;

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<sup>4</sup> CSS and sampled State Schemes

<sup>5</sup> MIDH, RKVY, NEC and PMKSY

<sup>6</sup> CMSKY, CCI, Alternative Livelihood for Opium Cultivation (ALOC), Maintenance of Farms & Nurseries, Installation of Large Cardamom Drier and Horti Marketing

- Annual Action Plans;
- Guidelines, Circulars, Notifications and various orders issued by the GoI/ State Government from time to time;
- Departmental Manual/ Rules/ Policies *etc.*; and
- General Financial Rules, Central Public Works Department (CPWD) works manual<sup>7</sup> and Receipt and Payments Rules, 1983.

### 3.2.6 Acknowledgement

The Office of the Principal Accountant General, Arunachal Pradesh places on record its acknowledgement of the State Government in general and Department of Horticulture in particular for their assistance in facilitating this audit.

### Audit findings

Audit findings are discussed in subsequent paragraphs.

### 3.2.7 Planning

#### 3.2.7.1 Preparation of Long Term Plan

Paragraph 4.8 of MIDH guidelines stipulates that State level agency shall prepare Strategic/ Perspective Plan and annual State Level Action Plan (SLAP) in consonance with Mission's goals and objectives. As per Paragraph 4.1 of MIDH guidelines, the plan should invariably contain information on geography and climate, potential of horticulture development, availability of land, *etc.* with focus on crops having comparative advantages and natural potential for development in the State.

Audit noticed that the Department had not prepared Strategic/ Perspective Plan/ State Horticulture Policy to identify the gaps requiring intervention as well as to identify the prospective beneficiary groups. In absence of Strategic/ Perspective Plan/ State Horticulture Policy, information on geography and climate, potential of horticulture development, availability of land, *etc.* with focus on crops having comparative advantages and natural potential for development in the State as a vision of long term sustainable development policy for Horticulture Sector were not considered.

Paragraph 8.3 (Annexure B) of NEC guidelines stipulates that the State Government shall propose a priority list of projects from the shelf of projects to be taken up under NEC during the financial year concerned.

Audit observed that out of five years period (2015-16 to 2019-20), the Department had prepared priority lists only for two years *i.e.* 2016-17 and 2017-18, as shown in **Table 3.2.**

**Table 3.2: List of projects in priority lists**

Year	No. of Projects in priority list	Projects pertaining to Horticulture	No. of projects sanctioned	Year of sanction
2016-17	14	1	1	April 2017
2017-18	58	8	1*	Nil

Source: Departmental records

\* Outside the priority list

<sup>7</sup> Being followed by the State Government

It can be seen from the table above that the NEC sanctioned (April 2017) one horticulture project in the priority list of 2016-17 while one horticulture project was sanctioned (January 2018) against the year 2017-18 which was not in the priority list of 2017-18 in contravention of the NEC Guidelines. Reasons for sending of the proposals for selection of the project outside the priority list were not on record. Further, Audit observed that the project was terminated (April 2020), hence abandoned, after incurring an expenditure of ₹10.00 lakh, as discussed in the **Paragraph 3.2.8.15**. Thus, the State was not benefited even after the preparation of priority list meant for the horticulture sector.

As per Paragraph 5.1 of PMKSY guidelines, District Irrigation Plan (DIP) is the cornerstone for planning and implementation of different components of PMKSY which identifies gaps in irrigation chain after taking into consideration currently available resources and resources that would be added from ongoing schemes, both State and Central.

Moreover, the State Schemes were also sanctioned and implemented without preparing State Horticulture Policy indicating lack of long term vision and policy of horticulture sector.

Thus, the Strategic/ Perspective Plan/ State Horticulture Policy was not prepared to provide the roadmap for long term horticulture development in the State. In absence of the long term policy such as Strategic/ Perspective Plan/, State Horticulture Policy, the State could utilise only 3.50 *per cent* (0.63 lakh Ha) of potential land available (18 lakh Ha) for horticulture activities during the period 2015-16 to 2018-19<sup>8</sup>.

In the Exit Conference (October 2021) the Department had accepted the facts.

### **3.2.7.2 Annual Action Plan**

Paragraphs 4.8 and 5.3 of MIDH envisages State Horticulture Mission (SHM) to conduct baseline survey and feasibility studies in the Districts and Blocks to determine the status, potential, production and demand for horticulture development and that Annual Action Plans (AAPs) for the state are prepared which were to be vetted by State Level Executive Committee (SLEC) and approved by GoI.

It was noticed that the Department prepared the AAPs for the entire State which were vetted by SLEC during the period 2015-16 to 2019-20 for onward submission to GoI in absence of the Strategic/ Perspective Plan. It was also observed that the District Horticulture Officers (DHOs) of the State prepared AAPs for the Districts during 2015-20 for implementation of the horticulture schemes. The District AAPs so prepared were submitted to the SLEC as requirement of the Districts which in turn form the State AAPs. However, AAPs were not prepared on the basis of the Strategic/ Perspective Plan.

It was also noticed that the District AAPs were not prepared in consultation with the District Planning Committee and input from the PRI's. Instead, the AAPs were prepared by the DHOs with the help of the Horticulture Development Officer and Horticulture Field Assistants. Hence, the potentiality for horticulture activities of the Districts were not demand driven.

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<sup>8</sup> Due to Covid, the Department could not update the data for area under cultivation, production and productivity after 2018-19

Moreover, cross verification of the AAPs of the State with the District AAPs of the four sampled districts revealed that no baseline survey and feasibility studies have been conducted in the State by SHM. During the period 2015-16 to 2019-20, the units of Area Expansion and Protected Cultivation required as per the District AAPs of the four sampled districts *vis-à-vis* the total requirement of the State as per the State AAPs are shown in **Table 3.3**.

**Table 3.3: Inputs from Districts *vis-à-vis* State AAP**

Year	Component	Inputs received from sampled districts (in units)					Total inputs considered in the State AAP	Shortfall (-)/ Excess (+)	Shortfall (-)/ Excess (+) percentage
		Lower Subansiri	Upper Siang	East Siang	Papum Pare	Total for four sampled Districts			
2015-16	Area expansion	750	2,145	350	7,600	10,845	2,083	(-) 8,762	(-) 81
	Protected cultivation	1,125	1,510	5,050	190	7,875	567.03	(-) 7,308	(-) 93
2016-17	Area expansion	810	2,145	625	8,950	12,530	2,395	(-) 10,135	(-) 81
	Protected cultivation	1,125	610	50	280	2065	413	(-) 1,652	(-) 80
2017-18	Area expansion	760	3,870	235	14,400	19,265	1,100	(-) 18,165	(-) 94
	Protected cultivation	1,125	1,600	50	500	3,275	412.5	(-) 2,863	(-) 87
2018-19	Area expansion	1,390	1,160	590	8,950	12,090	1,771	(-) 10,319	(-) 85
	Protected cultivation	1,125	410	10,100	280	11,915	79.6	(-) 11,835	(-) 99
2019-20	Area expansion	102	300	260	300	962	2,310	(+) 1,348	(+) 140
	Protected cultivation	516	150	6,025	3	6,694	207.94	(-) 6,486	(-) 97

Source: Departmental records

It could be seen from the above that the total units of Area Expansion and Protected Cultivation required as per the District AAPs of the four sampled districts each year were much higher than the total requirement of the State as per the State AAP (except for Area Expansion for the year 2019-20) ranging between 80 and 99 *per cent* indicating that the requirements of the Districts were not considered while preparing the State AAP. Hence, the AAP of the State did not flow from the District AAPs.

Further, it was also noticed that the three sampled Districts *viz.* Lower Subansiri, Papum Pare and East Siang Districts did not propose the interventions *viz.* Horticulture Mechanisation, Beekeeping, and Rejuvenation/ Replacing Senile Plantation in the District AAPs. However, the interventions were sanctioned and executed in these sampled districts, as shown in **Table 3.4**.

**Table 3.4: Details of interventions not flowing from the District AAPs**

Interventions	Name of sampled Districts	Units sanctioned (in no.)	Amount (₹ in lakh)	Remarks
Horticulture Mechanisation	Lower Subansiri	12	15.00	Excess assistance of ₹0.25 lakh to ₹0.50 lakh were provided beyond the prescribed limit of ₹0.75 lakh, as discussed in <b>Paragraph 3.2.9.2</b> .
	Papum Pare	10	12.50	
Rejuvenation/ Replacing Senile Plantation	Lower Subansiri	245	46.60	Excess subsidy (100 <i>per cent</i> ) was extended to beneficiaries beyond the prescribed limit of 50 <i>per cent</i> as discussed in <b>Paragraph 3.2.9.4</b> .
Beekeeping	Lower Subansiri	655	5.12	The interventions (beekeepings) were not functional and were in dilapidated condition and no bee-hives were found in the boxes as discussed in <b>Paragraph 3.2.9.7</b> .
	East Siang	105	1.20	

Source: Departmental records

It can be seen from the table above that though the interventions were not demanded by the Districts through district-AAPs, however, the same were included in the State AAPs and executed during 2015-20. Hence, the State AAPs were not demand driven.

In the Exit Conference, the Department accepted (October 2021) the facts.

### 3.2.8 Financial Management and Implementation

#### 3.2.8.1 Budget Allotment and Expenditure of the Department

The details of budget allocation and expenditure of the Department of Horticulture as per post reconciliation of Appropriation Accounts during 2015-20 are shown in Table 3.5.

**Table 3.5: Details of Budget provision and Expenditure**

(₹ in crore)				
Year	Budget Provision	Allocation of funds	Expenditure	Savings (-)/Excess (+)
1	2	3	4	5=3-4
2015-16	144.66	62.52	62.52	0.00
2016-17	99.13	96.80	96.80	0.00
2017-18	113.02	139.86	103.19	(-)36.66
2018-19	91.36	106.77	100.09	(-)6.67
2019-20	194.54	192.86	181.71	(-)11.15
<b>Total</b>	<b>642.71</b>	<b>598.80</b>	<b>544.31</b>	<b>(-)54.49</b>

Source: Appropriation Accounts of the respective years and Departmental records

It can be seen from the table above that an overall expenditure of ₹544.30 crore was incurred against the allocation of ₹598.80 crore during 2015-16 to 2019-20 resulting in savings of ₹54.49 crore (10 per cent). The Department failed to utilise the released fund.

#### 3.2.8.2 Mismatch between the Departmental figures and Appropriation Accounts

For the period 2015-16 to 2019-20, the Department of Horticulture had reconciled 100 per cent in respect of the expenditure with the office of the Principal Accountant General (Accounts), Arunachal Pradesh. On cross verification of the Appropriation Accounts for the respective years (2015-16 to 2019-20) of the State with the departmental figures, Audit observed that there was a mismatch between the figures depicted in the Accounts and the departmental figures in respect of both the receipt and expenditure side. Details of mismatch in expenditure figures are shown in the Table 3.6.

**Table 3.6: Mismatch of expenditures figure for the period 2015-16 to 2019-20**

(₹ in crore)			
Year	Expenditure as per:		Difference
	Appropriation Accounts	Departmental Figures	
1	2	3	4= 2-3
2015-16	59.45	62.52	(-) 3.07
2016-17	100.97	96.80	(+) 4.17
2017-18	104.07	103.19	(+) 0.88
2018-19	95.04	100.09	(-) 5.05
2019-20	181.48	181.71	(-) 0.23
<b>Total</b>	<b>541.01</b>	<b>544.31</b>	<b>(-) 3.30</b>

Source: Departmental records and Appropriation Accounts of the respective years

It could be seen from the above table that there was difference of ₹3.30 crore in expenditure of the Appropriation Accounts *vis-à-vis* in the departmental figure.

The Department may take necessary steps to reconcile the differences.

### 3.2.8.3 Non/ Short-release of fund

Against the total requirement of ₹167.92 crore<sup>9</sup> under MIDH for the period 2015-20 (as detailed in **Appendix 3.2**), there was a total release of ₹75.55 crore<sup>10</sup> which constituted 45 *per cent* of the total fund requirement. Audit observed that out of the total requirement, there was non/ short-release of fund of ₹92.37 crore<sup>11</sup> constituting 55 *per cent* of the requirement of fund during 2015-20. GoI did not release its share of ₹64.60 crore<sup>12</sup> for 2016-17 and 2017-18 which lapsed due to late submission (October 2017) of UCs for the year 2015-16 by the State Government. Consequently, State matching share of ₹7.18 crore<sup>13</sup> for the years 2016-17 and 2017-18 was not released. Moreover, during 2018-19 and 2019-20, there was short-release of fund amounting to ₹20.57 crore<sup>14</sup>.

Ministry of Development of North Eastern Region (MoDoNER) sanctioned a total amount of ₹78.60 crore<sup>15</sup> during the period from 2005-06 to 2019-20, for implementation of 21 projects (detailed in **Appendix 3.3**). Out of NEC's share of ₹71.22 crore for the 21 projects, an amount of ₹53.29 crore was released by NEC till October 2020 resulting in short-release of ₹17.93 crore. Out of State's matching share of ₹5.92 crore, an amount of ₹4.73 crore was released till July 2021 resulting in short release of ₹1.19 crore.

Under PMKSY (per drop more crop), GoI allocated ₹51.75 crore during 2015-16 to 2019-20 to the State against which GoI released an amount of only ₹15.95 crore (as detailed in **Appendix 3.4**) resulting in short release of ₹35.80 crore due to which state matching share of ₹397.78 lakh remained unreleased. The shortfall in release of funds to the State under PMKSY was due to delay in submission of UC for 2016-17 and nonsubmission of UCs for 2018-19 and 2019-20.

### 3.2.8.4 Delay in release of fund

The Central and State Shares under MIDH were released by GoAP to SHM after a delay ranging between three and 19 months whereas SHM released the fund to the implementing units after a delay of two to 37 months as shown in **Table 3.7**.

<sup>9</sup> GoI's share: ₹151.13 crore and GoAP's share: ₹16.79 crore

<sup>10</sup> GoI's share: ₹68.00 crore and GoAP's share: ₹7.55 crore

<sup>11</sup> GoI's share: ₹83.13 crore and GoAP's share ₹9.23 crore

<sup>12</sup> 2016-17: ₹32.30 crore and 2017-18: ₹32.30 crore

<sup>13</sup> 2016-17: ₹3.59 crore and 2017-18: ₹3.59 crore

<sup>14</sup> GoI's share: ₹18.51 crore and GoAP's share: ₹2.06 crore

<sup>15</sup> NEC share: ₹71.22 crore and State share: ₹7.38 crore

**Table 3.7: Delay in release of fund under MIDH**

(₹ in lakh)

Year	GoI released		GoAP released		Delay in release	Release by Mission Director to districts		Delay from Mission Director
	Amount	Date	Amount	Date		Amount	Date	
	2015-16	576.00	17-12-2015	754.16		30-03-2016	03 months	
1,024.00		19-02-2016	2,974.00	19-01-2017	11 months	2,520.00	11-07-2017	06 Months to 34 Months
1,950.00		28-03-2016		20-10-2017	19 months			
2018-19	1,000.00	05-10-2018	1,111.11	08-02-2019	04 months	1,111.11	02-07-2019	05 Months
	1,000.00	28-03-2019	1,111.11	21-11-2019	07 months	1,111.11	17-06-2020	07 Months
2019-20	1,250.00	11-10-2019	555.56	21-01-2020	06 months	Not released		10 Months as on 20-11-2020
			833.33	23-09-2020	11 months			02 Months as on 20-11-2020

Source: Departmental records

Thus, there was an overall delay ranging between five and 56 months in transmitting fund from State Government to implementing units in Districts. Due to delay in release of fund, there was delay in execution of the scheme resulting in non achievement of the physical target of that particular year with a consequential effect of non-submission of UCs in time leading to lapse of fund.

As per sanctioned orders of NEC, the sanctioned amount of fund would be released by the State Government to the Implementing Agencies (IAs) within one month of receipt of fund of the relevant instalment. The amount released by NEC was released to the implementing agencies by the State Government after a delay of one month 18 days to 22 months 18 days against the stipulation that the funds have to be transmitted to IAs within a month. The State Share was released after a delay of three months six days to 73 months 12 days and in 17 out of 32 cases after a delay of more than two years. The delayed release of funds resulted in delayed implementation of schemes which led to termination of 11 projects by the NEC as discussed in **Paragraph 3.2.8.15**.

Further, audit observed that there was delay in release of PMKSY fund by GoAP to Directorate Office which ranged between five months nine days and 15 months 20 days. There was also delay in release of fund by Directorate Office to the scheme implementing agency in districts ranging between one month five days and five months four days. Thus, there was overall delay of eight months nine days to 20 months 24 days by the GoAP to Directorate Office and Directorate Office to the scheme implementing agency in Districts. Due to delay in transmission of funds to districts, the DHOs could submit UCs for an amount of only ₹0.73 crore (2016-17) to the Directorate Office during March 2018 to August 2018 while the DHOs could not submit the UCs for the balance amount of ₹16.46 crore till the date of audit (November 2020).

The Department stated (October 2021) that delays in release of funds were due to lengthy budgetary procedure.

### 3.2.8.5 Under-utilisation of Fund

Against the total MIDH fund of ₹95.64 crore available with the SHM during 2015-20 (including the opening balance of ₹1.57 crore in 2015-16, interest earned of ₹4.65 crore and ₹23.76 crore pertaining to 2014-15), the expenditure incurred was ₹68.64 crore

(71.77 per cent) leaving a closing balance of ₹27.84 crore as of March 2020 (as detailed in **Appendix-3.2**). The expenditure constituted 40.88 per cent of the requirement of fund (AAP). The year-wise percentage of expenditure against the available fund ranged between 5.31 per cent and 71.51 per cent. Despite short-receipt of fund, SHM was not able to utilise the available fund implying that either the projected requirement of fund in the AAP was not based on capability to absorb the projected/ required fund or proper mechanism was not put in place to absorb the fund.

The year-wise shortfall in utilisation of funds ranged between 28.49 and 94.69 per cent with overall shortfall of 27.48 per cent. Due to short utilisation coupled with shortfall and delay in release of funds, as many as 13 interventions under MIDH which were planned for implementation during the period 2015-20 remained partially completed as discussed in **Paragraph 3.2.8.11**.

Audit, further, observed that the fund released to District Offices was treated as expenditure by the Directorate Office without ensuring its actual utilisation as it was seen in two test checked sample Districts (Papum Pare and Lower Subansiri) that against the total released amount of ₹8.90 crore, there was unspent balance each year amounting to ₹0.88 crore (9.89 per cent) during the review period. Thus, the possibility of underutilisation of funds by other districts could not be ruled out. The Department therefore, needs to ascertain the position of fund utilisation in other districts where the scheme was under implementation.

### 3.2.8.6 Utilisation Certificates

#### *Delay in submission of Utilisation Certificates against NEC Fund*

Timely submission of Utilisation Certificates (UCs) of fund received is required for subsequent release of instalment by NEC. Against the total release of ₹50.41 crore for 20<sup>16</sup> projects by NEC till October 2020, Audit observed delays<sup>17</sup> in submission of UCs as discussed below:

- Against the 1<sup>st</sup> instalment for 20 projects, UCs for five projects was submitted timely to NEC. In another six projects, UCs were submitted after a delay of two months nine days to eight months nine days while in the other seven projects, there was delay in submission of UCs by 18 months 22 days to 37 months 13 days. Evidence of submission of UCs in respect of two projects was not on record.
- 2<sup>nd</sup> instalment for 16 projects was released against which submission of UCs for 10 projects could not be made available to audit. Out of the remaining six projects, UC for one project was submitted timely to NEC. In another three projects, UCs were submitted after a delay of two months six days to six months five days while in the other two projects, there was delay in submission of UCs by 44 months 25 days to 51 months 10 days.
- 3<sup>rd</sup> instalment in respect of only five projects was released of which UCs for two projects could not be made available to audit. Out of the remaining three projects,

<sup>16</sup> Out of the total 21 projects, one project (Sl. No. 5 of Annexure-3) is under CBI investigation and the matter is subjudice

<sup>17</sup> Delay is calculated after one year from the date of release of fund by NEC to the date of submission of UCs to NEC by State Government

UC for one project was submitted timely to NEC. In another two projects, UCs were submitted after a delay of six months five days to 11 months two days.

- In respect of one project, 4<sup>th</sup> instalment amounting to ₹12.07 lakh was released by NEC but evidence of submission of UC was not on record.

The delay in submission of UCs to NEC in most cases were attributable to delay in: (i) release of Central share by State Government, (ii) submission of UC by DHO to Directorate Office, (iii) submission of UC by Directorate Office to Planning Department and (iv) submission of UC by Planning Department to NEC. For instance, in one project<sup>18</sup>, the 1<sup>st</sup> instalment of Central Share of ₹129.60 lakh was released on 13 June 2014, the State Government released after a delay of seven months 12 days and DHO of Papum Pare submitted UC with a delay of 03 months 17 days after one year of receipt of fund. The Directorate submitted to Planning Department after a delay of 06 months 23 days while Planning Department submitted to NEC after 15 days. The UC was finally submitted to NEC after more than 18 months from the date of release of fund by NEC. The 2<sup>nd</sup> instalment of ₹129.60 lakh was released by NEC in April 2018 after a gap of almost four years.

Moreover, the funding authority *i.e.* NEC did not monitor the delay in execution of works by the implementing Department for which the funds could not be utilised in due time and UCs were submitted with a delay ranging between 18 months 22 days and 51 months 10 days. Despite the delay in execution of works, NEC released the succeeding instalments without assessing/ monitoring the actual execution and subsequently 11 projects had to be terminated by NEC.

Thus, due to delay in release of Central share and State share and short-release of State share by the State Government coupled with delay in submission of UCs, there were delays in release of subsequent instalment by NEC which delayed the implementation and completion of the projects and subsequently, led to termination of 11 Projects by NEC (as discussed in **Paragraph 3.2.8.15**).

The Department stated (October 2021) that delays in submission of UCs were mainly due to delays in release of funds.

#### ***Deficiencies in submission of UCs under MIDH***

As per the sanction order of GoI, the implementing agency shall submit the UCs as soon as possible after the close of the financial year.

Audit observed that GoI released an amount of ₹35.50 crore during 2015-16 to State Government which in turn released it to the implementing agency in two installments in March 2016 (₹5.76 crore) and January 2017 (₹29.74 crore). State share of ₹1.78 crore was released in March 2016 while another amount of ₹2.16 crore was released in September 2017. The implementing agency submitted UCs amounting to ₹7.54 crore<sup>19</sup> in March 2016 while another provisional UCs for Central Share amounting to ₹23.72 crore was submitted in October 2017. Thus, there was delay in submission of UCs apparently due to delay in release of fund by the State Government. As such, funds

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<sup>18</sup> Establishment of Hi-Tech Garden of Mandarin orange, Guava and large Cardamom Garden under Tegiso, Naya Happa of Pech village in Papum Pare District

<sup>19</sup> Central share: ₹5.76 crore and State share: ₹1.78 crore

for 2016-17 and 2017-18 were not released by GoI. Moreover, there was shortfall in submission of UCs by ₹8.18 crore<sup>20</sup> and no final UCs of 2015-16 were found submitted as of April 2022.

In 2018-19, GoI released an amount of ₹20.00 crore to the State Government which was released to implementing agency by the State Government along with State share in February 2019 (₹11.11 crore<sup>21</sup>) and November 2019 (₹11.11 crore<sup>22</sup>). However, the implementing agency submitted provisional UCs for the Central share of ₹20.00 crore to GoI in September 2019 *i.e.*, before the entire amount of ₹20.00 crore was released to implementing agency. No UC was submitted for State share of ₹2.22 crore. Similarly, in 2019-20, ₹12.50 crore was released by GoI to the State Government which in turn released it to the implementing agency along with State share in January 2020 (₹5.56 crore<sup>23</sup>) and in September 2020 (₹8.83 crore<sup>24</sup>). However, the provisional UC for the entire amount of Central share of ₹12.50 crore was found to be submitted to GoI in February 2020, well before releasing the fund to the implementing agency. No UC was found submitted for State share of ₹1.39 crore. Thus, provisional UC for the Central share were submitted before the entire amounts were released to the implementing agency during 2018-19 and 2019-20. No final UC for the two years were submitted as of April 2022.

### 3.2.8.7 Deficiency in Financial Management under State Schemes

As per modalities for release of funds to the Departments under Public Financial Management System (PFMS) issued vide Office Memorandum of State Government (August 2018), subsequent to the administrative and expenditure sanction, funds could be drawn from Government account only after obtaining expenditure authorisation.

Scrutiny of records revealed that two PFMS on-board beneficiary oriented State Schemes were accorded administrative and expenditure sanctioned during 2019-20 as shown in **Table 3.8**.

**Table 3.8: Fund allocation and release under PFMS**

(₹ in lakh)

Sl. No.	Name of the Scheme	Sanction amount	Sanction date	Amount Released	Amount drawn	Expenditure
1.	CCI	2,000.00	07.03.2020	800.00	1,248.41	1,246.45
2.	Large Cardamom (LC) Drier	400.00	23.12.2019	160.00	472.00	400.00
<b>Total</b>		<b>2,400.00</b>	-	<b>960.00</b>	<b>1,720.41</b>	<b>1,646.45</b>

Source: Departmental records

The State Government accorded expenditure authorisation for only 40 *per cent* of the sanctioned amount in March 2020 against the two Schemes due to paucity of funds. Against the total authorisation of ₹960.00 lakh, the Directorate and District Officers drew ₹1,720.41 lakh resulting in excess drawals of ₹760.41 lakh. This was due to the drawal of money by the District Officers through treasury even before issue of expenditure authorisation

<sup>20</sup> Central share: ₹6.02 crore and State share: ₹2.16 crore

<sup>21</sup> Central share: ₹10.00 crore and State share: ₹1.11 crore

<sup>22</sup> Central share: ₹10.00 crore and State share: ₹1.11 crore

<sup>23</sup> Central share: ₹5.00 crore and State share: ₹0.56 crore

<sup>24</sup> Central share: ₹7.50 crore and State share: ₹0.83 crore

by the Government based on the sanction. It was also observed that some of the District Officers (Seven District Officers under CCI and 15 District Officers under LC Drier) had drawn entire 100 per cent of the sanctioned amount from treasury instead of their restriction to 40 per cent. The Directorate, however, withdrew the entire amount of ₹960.00 lakh (40 per cent) and distributed @ 40 per cent (under CCI) and 100 per cent (under LC Drier) to 23 districts (19 districts under CCI and four districts under LC Drier) which did not draw from treasury. This had left the Directorate with the amount of ₹254.20 lakh (₹179.20 lakh under CCI and ₹75.00 lakh under LC Drier) not distributed to certain districts which was supposed to be returned to Government Account. The Directorate, however, had not surrendered the amount and utilised ₹177.24 lakh on CCI scheme without the approval of State Government and the balance amount of ₹76.96 lakh<sup>25</sup> was unutilised.

The Department accepted (October 2021) the audit findings and stated that they will look into the matter and if required, the financial management and controls will be strengthened.

Therefore, the District Officers and the concerned Treasury Officers were equally responsible for claiming and passing the bills respectively on the strength of only sanction order before obtaining expenditure authorisation. By distributing 100 per cent of fund to districts under LC Drier and by utilising ₹177.24 lakh without the approval of the competent authority, the Director of Horticulture also failed to maintain financial diligence and propriety.

### **3.2.8.8 Inadmissible Expenditure under PMKSY**

Paragraph 22.1 of PMKSY guidelines provided that administrative expenses may be met on pro-rata basis from the programme not exceeding five per cent at each level. However, no vehicles can be purchased from the administrative fund. Further, as per delegation of Financial Powers issued by the State Government, purchase of vehicles cannot be made without concurrence of Finance Department.

Scrutiny of records revealed that out of the total fund of ₹1,771.44 lakh released by State Government under PMKSY, the Directorate of Horticulture released an amount of ₹1,719.07 lakh to Districts and retained an amount of ₹52.37 lakh for administrative expenses at the Directorate. Out of the amount of ₹52.37 lakh, Audit noticed that an amount of ₹22.50 lakh was incurred in procurement of a vehicle 'Innova Crysta' in August 2020 with the approval of the Secretary (Horticulture). However, the concurrence of Finance Department was not obtained. Thus, procurement of vehicle worth ₹22.50 lakh was in violation of the extant rules.

The Department agreed (October 2021) to the audit finding but also added that the vehicle was procured due to the functional necessity.

The justification of the Department was not tenable as the vehicle was procured without concurrence of Finance Department and the scheme guidelines categorically forbid procurement of vehicle out of scheme fund.

### **3.2.8.9 Area production and productivity of crops**

The Department implemented Centrally Sponsored Schemes and State Schemes for increasing the production of crops during the period 2015-16 to 2019-20. The year wise area under horticulture crops and their production and productivity is given in the **Table 3.9**.

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<sup>25</sup> CCI balance: ₹179.20 lakh (-) ₹177.24 lakh = ₹1.96 lakh and LC Drier: ₹75.00 lakh

**Table 3.9: Area production and productivity of crops**

Year	Fruits			Spices			Vegetables			Flowers		
	Area (in Ha)	Production (in MT)	Per Ha production	Area (in Ha)	Production (in MT)	Per Ha production	Area (in Ha)	Production (in MT)	Per Ha production	Area (in Ha)	Production (in MT)	Per Ha production
2015-16	66214.00	306270.19	4.63	16319.98	36130.17	2.21	4002.59	33010.24	8.25	23.56	23.67	1.00
2016-17	51196.01	142982.38	2.79	10978.3	37802.91	3.44	2986.19	20159.68	6.75	0.7	1.66	2.37
2017-18	53538.02	157226.7	2.94	14817.61	27973.82	1.89	2369.98	16434.15	6.93	0	0	0.00
2018-19	48873.52	130928.75	2.68	12718.61	27190.97	2.14	2045.78	14676.93	7.17	0	0	0.00
2019-20 <sup>26</sup>	NA	NA	NA									

Source: Horticulture Area Production Information System data of respective years

The Department had incurred an expenditure of ₹113.70 crore during 2015-19 under CSS and State Schemes for area expansion of horticulture crops in the State despite which the following deficiencies in area production and productivity were noticed.

- The area under fruits was 0.66 lakh Ha in 2015-16 which was reduced to 0.49 lakh Ha in 2018-19 while the production also decreased from three lakh MT to 1.30 lakh MT respectively. The productivity also decreased from 4.63 MT/ Ha in 2015-16 to 2.68 MT/ Ha in 2018-19.
- The area under spices has also come down from 0.16 lakh Ha to 0.13 lakh Ha while the production also decreased from 0.36 lakh MT to 0.27 lakh MT from 2015-16 to 2018-19. The productivity fluctuated between 1.89 MT/ Ha and 3.44 MT/ Ha during 2015-16 to 2018-19.
- In case of vegetables, the area was reduced from 4,002.00 Ha to 2,046.00 Ha whereas the production fell from 0.33 lakh MT to 0.15 lakh MT from 2015-16 to 2018-19. The productivity remained between 6.75 MT and 8.25 MT/ Ha during the same period.
- The area under flowers was 23.67 Ha with productivity of one MT/ Ha in 2015-16, however, the area under flower cultivation has become Nil in 2017-18 and 2018-19 with Nil production.

Further, the expenditure of the Horticulture Department increased from ₹59.45 crore in 2015-16 to ₹95.04 crore in 2018-19 while the total expenditure of the Department during 2015-16 to 2018-19 was ₹359.53 crore. Despite increase in expenditure of the Department, there was decline in area under cultivation, production and productivity due to which the Gross State Domestic Product (GSDP) of crops (Agriculture and Horticulture) decreased by ₹529.47 crore from 2015-16 (₹3,627.41 crore) to 2018-19 (₹3,097.94 crore). While the growth rate of all India GDP for Agriculture and Allied Activities ranged between 6.40 *per cent* and 13.07 *per cent* respectively during 2015-16 to 2018-19, the growth rate of crops (Agriculture and Horticulture) of the State was 0.81 *per cent* to (-) 21.07 *per cent* during the period except for the year 2017-18 where the growth rate was 7.32 *per cent*.

The decline in the area, production and productivity of the crops indicated that the Department could not achieve its major objective of enhancing production and productivity of important horticulture crops in the State despite an expenditure of

<sup>26</sup> Due to Covid, the Department could not update the data for area under cultivation, production and productivity after 2018-19

₹359.53 crore from 2015-16 to 2018-19. This was *inter alia* due to deficiency in maintenance of garden/ nurseries (**Paragraphs 3.2.8.13 and 3.2.8.29**), procurement of planting materials from non-accredited nurseries (**Paragraphs 3.2.8.24 and 3.2.9.3**), less coverage of rejuvenation/ replacing of senile plantation (**Paragraph 3.2.9.4**) and lack of imparting training and awareness to the farmers (**Paragraph 3.2.10**).

The Department stated (October 2021) that the area coverage should not have reduced. Hence, they would revisit the data and send their response after that. The Department also stated that the area under vegetables and flowers depends on the demand and supply and area increases/ decreases depending on the demand fluctuations.

The reply of the Department is not acceptable as the area under all types of crops had decreased in 2018-19 as compared with 2015-16 (as could be seen from **Table 3.8.**). The Department's reply on vegetables and flowers is also not acceptable as AAP preparation for the period 2015-16 to 2019-20 was not demand driven as discussed in **Paragraph 3.2.7.2**.

Thus, the Schemes under the Department were not implemented effectively. A few instances of ineffective implementation of schemes are discussed hereunder.

### 3.2.8.10 Implementation of MIDH

MIDH is a centrally sponsored Scheme for the holistic growth of the horticulture sector covering fruits, vegetables, roots & tuber crops, mushrooms, spices, flowers, aromatic plants, coconut, cashew, cocoa and Bamboo. Under MIDH, "Horticulture Mission for North East & Himalayan States (HMNEH)" is one of the sub-schemes implemented in the State.

### 3.2.8.11 Target and achievement under various interventions

The summarised status of physical and financial targets and achievement of various components of the MIDH during 2015-20 are given in **Table 3.10**.

**Table 3.10: Target and Achievement under various interventions**

Component	Unit	Physical		Percentage		Financial (₹ in lakh)		Percentage	
		Target	Achievement	Achievement	Shortfall	Target	Achievement	Achievement	Shortfall
Nursery and planting materials	No.	29.00	5.00	17	83	370.00	46.00	12	88
Establishment of new gardens/ Area expansion	Ha.	9659.00	2794.00	29	71	3223.58	852.91	26	74
Maintenances 1 <sup>st</sup> & 2 <sup>nd</sup> year	Ha.	6927.00	3508.00	51	49	885.92	455.88	51	49
Rejuvenation/ replanting	Ha.	5346.00	2846.00	53	47	1069.20	532.28	50	50
Creation of water resources	No.	502.00	110.00	22	78	451.80	89.10	20	80
Protected cultivation	Ha.	1680.07	1632.02	97	3	2815.13	798.72	28	72
Promotion of IPM/ INM	Ha.	23252.00	8250.00	35	65	291.00	89.10	31	69
Adoption of Organic Farming/ Vermi compost	Ha.	4546.00	4792.00	105	-5	512.60	330.90	65	35
Beekeeping	No.	2477.00	2477.00	100	0	39.63	35.66	90	10
Horticulture Mechanization	No.	5155.00	355.00	7	93	786.91	222.67	28	72

Component	Unit	Physical		Percentage		Financial (₹ in lakh)		Percentage	
		Target	Achievement	Achievement	Shortfall	Target	Achievement	Achievement	Shortfall
Human Resource Development (HRD)	No.	20563.00	3156.00	15	85	384.94	75.66	20	80
Post Harvest Management	No.	1209.00	40.00	3	97	2875.94	158.75	6	94
Markets	No.	368.00	146.00	40	60	730.00	16.50	2	98
Awareness, Survey, Special Intervention etc.	--	365.00	70.00	19	81	1163.12	310.76	27	73
Mission Management	--	--	--	--	--	795.18	305.65	38	62

Source: Departmental records

As can be seen from the above table, except in two components (Adoption of organic farming/ Vermicompost and Beekeeping), the physical target sets under different components of intervention were not achieved. The shortfall in physical achievement ranged between 60 and 97 per cent in respect of nine interventions (nursery & planting material, area expansion, creation of water sources, promotion of INM/ IPM, horticulture mechanization, human resource development, post harvest management, markets and awareness, survey, special intervention). In respect of maintenance and rejuvenation/ replanting, the shortfall in achievement was 49 per cent and 47 per cent respectively.

The reason for shortfall was not only non-release of fund by GoI during 2016-17 and 2017-18 and delay in release of Central and State Share but also under utilisation of the available fund by the Department as discussed under financial management (Paragraph 3.2.8.5). Poor achievements in crucial components indicated that the implementation of one of the flagship programmes in the sector was not implemented effectively.

The Department had accepted (October 2021) the facts.

**Recommendation:** *The State Government may ensure that the allocated amount were released in full and on time to the implementing agency so that the targets fixed under various interventions could be achieved in timely manner. Proper planning for absorption of the available fund may be made to avoid under-utilisation of fund.*

### 3.2.8.12 Area expansion

MIDH guidelines (Paragraph 7.18) envisaged adequate coverage of large areas under improved varieties of horticulture crops. The details of the targets (in Ha) and achievement under the programme are given in Table 3.11.

Table 3.11: Target and achievement of area expansion programme

Year	Fruits		Vegetables		Spices		Flowers	
	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
2015-16	763	608	385	325	935	950	0	0
2016-17	935	543	0	0	1400	550	60	0
2017-18	450	220	150	385	450	385	50	0
2018-19	736	5	350	0	600	0	85	0
2019-20	1,275	100	350	300	600	300	85	0
<b>Total</b>	<b>4,159</b>	<b>1,476</b>	<b>1,235</b>	<b>1,010</b>	<b>3,985</b>	<b>2,185</b>	<b>280</b>	<b>0</b>

Source: Compilation of departmental records

As mentioned at **Paragraph 3.2.8.9**, although the area under different horticulture crops was declining year after year the targets fixed under MIDH were low and even these low targets were not achieved as could be seen from the table above. Although the activity of flower cultivation was declining drastically, a very low target of 280 Ha for five-year period was fixed under the Scheme and even this lower target could not be achieved (achievement was nil).

Further scrutiny of records in the test check districts revealed that there were instances of execution of area expansion programme without beneficiary contribution and partial execution of the scheme despite availability of fund as discussed below:

- a) During 2015-16 to 2017-18, in three<sup>27</sup> out of four test checked districts, 285 Ha of land was shown to have been covered under area expansion for different crops. To cover 285 Ha of land total requirement of plating materials was 6,98,911 nos. However, the Department/ beneficiaries procured only 3,18,464 nos. as detailed in **Appendix 3.5**. The shortage was due to noncontribution by beneficiaries, procurement of planting materials at higher rate and non-release of state matching share. Thus, only 3,18,464 nos. of planting materials were utilised in 285 Ha against the requirement of 6,98,911 nos. resulting in shortfall of 3,80,447 (54.43 *per cent*) which was one of the factors for low productivity as discussed under **Paragraph 3.2.8.9**.
- b) In Upper Siang District, the Department sanctioned ₹15.00 lakh (₹5.40 lakh during 2017-18 and ₹9.60 lakh during 2019-20) for providing Government assistance for establishment of 13 units of Kiwi garden integrated with drip irrigation. However, the Department incurred ₹4.12 lakh for establishment of five units of garden without providing drip irrigation system in two units as the concerned beneficiaries refused installation of the same. This indicates that demands were projected by the DHO without proper survey of beneficiaries' consent. Another amount of ₹1.66 lakh was incurred on procurement of kiwi cutting for the remaining eight units but have neither executed plantation of kiwi till the date of audit (March 2021) nor was the balance amount of ₹9.22 lakh surrendered. Thus, the purpose of establishment of eight Ha of Kiwi garden was not achieved till the date of audit though fund was available at the disposal of the concerned DHO. Moreover, it is clearly, indicative of failure of monitoring on the part of the concerned DHO.

The Department stated (October 2021) that the targets could not be achieved under area expansion mainly due to short receipt and delays in receipt of funds.

However, the Department was silent on execution of area expansion programme without beneficiary contribution and partial execution of the scheme, leading to wasteful expenditure.

### **3.2.8.13 Maintenance of plantation of fruits**

As per MIDH guidelines (Paragraph 7.18, Annexure-5), plantations of fruit plants were to be maintained up to two years *viz.*, 2<sup>nd</sup> year maintenance for one-year-old plantations and third year maintenance for two-year-old plantations. For perennial crops, maintenance assistance for two years at 20 *per cent* each year would be provided

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<sup>27</sup> East Siang, Upper Siang and Lower Subansiri

under the scheme while maintenance assistance for one year at 25 per cent would be provided for non-perennial crops.

Audit observed that targets for maintenance of fruit plants were fixed without considering the quantum of such plantations made in the previous years as shown in **Table 3.12**.

**Table 3.12: Target and achievement of maintenance**

Year	Actual plantation		Target and achievement for maintenance (One year old plants)			Target and achievement for maintenance (Two year old plants)		
	Plant need only 1 <sup>st</sup> year maintenance	Plant need 1 <sup>st</sup> & 2 <sup>nd</sup> year maintenance	To be fixed	Fixed	Achievement	To be fixed	Fixed	Achievement
2015-16	163	445	-	-	-	-	-	-
2016-17	110	433	608	683	632	-	-	-
2017-18	110	110	543	140	189	445	625	0
2018-19	5	0	220	708	0	433	246	0
2019-20	100	0	5	760	763	110	543	246
<b>Total</b>			<b>1,376</b>	<b>2,291</b>	<b>1,584</b>	<b>988</b>	<b>1,414</b>	<b>246</b>

Source: Departmental records

It could be seen from the above that the targets were fixed without reference to previous year plantations. There was no achievement in 2018-19 due to non-release of fund by SHM to districts in the year. Though overall achievement of one year old maintenance plant was more than what was required to be fixed during 2016-17 to 2019-20, the achievement was less than the target fixed. In case of two year old plant, the overall achievement was less than what was required to be fixed as well as target fixed. The shortfall in achievement *vis-à-vis* the target fixed was due to shortfall in release of fund to the implementing agency.

In the four sampled Districts, the Department had released ₹40.00 lakh as assistance (60 per cent) for raising of perennial plantation in 134 Ha during 2015-16 and these plantations were eligible in 2016-17 for first year maintenance of 20 per cent. Against the requirement of ₹13.33 lakh for first year maintenance, only ₹1.95 lakh was released and an area of only 20 Ha was covered. Thus, due to shortfall in release of fund amounting to ₹11.38 lakh, there was a shortfall in coverage of 114 Ha. Moreover, the amount of ₹1.95 lakh was released in 2017-18 after a delay of one year which cast doubt on the effectiveness of the maintenance work carried out.

While interacting with 320 farmers during beneficiary survey, 93.75 per cent and 95 per cent of the farmers stated that they have not received first year maintenance and second year maintenance respectively.

The Department had accepted (October 2021) the facts.

### 3.2.8.14 Creation of Water Sources

As per MIDH guidelines (Paragraph 7.24), assistance would also be provided for creating water source through construction of farm ponds/tube wells/ dug wells for individuals. The assistance was to be in conjunction with Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). Only 50 per cent of the cost of the structure can be provided as assistance and the maximum ceiling fixed was ₹1.80 lakh per structure. The specified dimension for pond was 20m x 20m x 3m.

During the period covered by audit, an amount of ₹29.70 lakh<sup>28</sup> was sanctioned for 33 units of water sources @ ₹0.90 lakh (50 per cent of unit cost of ₹1.80 lakh) per unit in three sampled Districts. The programme was not dovetailed with MNREGS as envisaged. Audit observed that the cost of the constructed units as per the bills submitted by the beneficiaries was ₹0.90 lakh each and so the amount to be released to the beneficiaries against Central share was ₹0.40 lakh each. However, 100 per cent cost of structure was allowed as subsidy in the 33 units of water storage structures constructed at the cost of ₹29.70 lakh resulting in excess payment of ₹13.37 lakh. Thus, water sources were constructed out of the sanctioned government assistance of ₹0.90 lakh without any beneficiary contribution. Further, there was no evidence to prove that the dimensions stipulated for the structures were adhered to. During the physical verification, instances of non-adherence to the dimensions prescribed were noticed. In East Siang and Lower Subansiri, it was noticed that the structures were hardly 5m x 3m x 2m and 113 m<sup>3</sup> (triangle size: base-15m x height-15m x depth-1m) respectively as shown in photographs below:



Thus, the construction of water sources below specification was attributable to construction of the structures only out of the subsidy amount without any beneficiary contribution. Further, it was found that the constructed water sources were not linked with sources of water/ irrigation channel due to which the structures were either with no water or with low water level. This indicated that the Department neither assessed the availability of source of water/ irrigation channel nor took steps to dovetail/ ensure convergence with the Water Resources Department for the sources of water before extending the assistances to beneficiaries. As a result, the objective of providing water in horticulture farms throughout the year could not be achieved.

During beneficiary survey of 320 farmers, only 48 per cent of them had irrigation facilities while the remaining 52 per cent farmers were dependent on seasonal rain water for cultivation.

The Department stated (October 2021) that all efforts were made to follow the guidelines. However, cases pointed out by audit are noted and will be looked into and necessary actions will be taken if required.

<sup>28</sup> Central share = ₹26.73 lakh (₹0.81 lakh per unit), State share = ₹2.97 lakh (₹0.09 lakh per unit)

### 3.2.8.15 Implementation of NEC projects

The NEC has sanctioned 21 projects in the state since 2005-06 (as detailed in *Appendix 3.3*). The sanction orders stipulated that each project be completed within a period of one to three years. Scrutiny of records pertaining to NEC project in the office of the Directorate of Horticulture revealed that 19 out of 21 projects implemented during the review period with a scheduled date of completion on or before 31 March 2020 suffered a delay of 10 months to 63 months from the scheduled date of completion of which 11 projects were closed on as is where is basis due to delay in completion for more than two to three years from the scheduled date of completion. The delays were attributed to delayed release of funds to implementing agencies coupled with non-submission of UCs. One more project whose scheduled date of completion was January 2021 was also closed by NEC on the inadvertent recommendation of Project Implementation Committee (PIC). The details of the 12 closed projects are shown in **Table 3.13**.

**Table 3.13: Details of 12 closed projects**

(₹ in lakh)

Sl. No.	Name of the NEC Project	Sanctioned date	Total Approved cost	Scheduled date of completion	Total released	Date of Closure	Percentage of Physical Achievement
1.	Compact Area Horticulture Garden at Radum (Nyoya) Village (LS District)	26-03-2012	229.60	31-03-2015	204.23	21-05-2018	89.33
2.	Establishment of orange/ Large Cardamom Horti Garden at Rikung village (LS District)	07-09-2012	279.00	06-09-2015	200.88	21-05-2018	61.80
3.	Cultivation of Citronell in Pongchau and Wakka circles Tirap District	23-11-2012	491.80	22-11-2015	177.00	21-05-2018	35.97
4.	Cultivation of Orange Garden at Haider village (US District)	15-02-2013	360.84	14-02-2016	285.78	21-05-2018	79.25
5.	Cultivation of large Cardamom at Khakam, etc. (Longding District)	15-02-2014	500.00	14-02-2017	396.00	20-03-2019	79.20
6.	Cultivation of Orange and Large Cardamom at Dumba (KK District)	28-02-2014	500.00	27-02-2017	396.00	20-03-2019	79.36
7.	Implementation of Community based Plantation at Lazu and Dadam Circle (Tirap District)	16-12-2014	408.00	15-12-2017	161.57	20-03-2019	32.00
8.	Establishment of Large cardamom garden at Nibi-Leba village (KK District)	30-01-2018	480.00	29-01-2021	10.00	22-04-2020	2.08
9.	Establishment of Biotechnology Training and development centre at Ziro, (LS District)	25-03-2011	398.44	24-03-2013	187.44	21-05-2018	47.04
10.	Cultivation of Hi-tech Orange garden at Lutak Area, (West Siang District)	26-03-2012	242.89	25-03-2016	191.50	21-05-2018	78.84

Sl. No.	Name of the NEC Project	Sanctioned date	Total Approved cost	Scheduled date of completion	Total released	Date of Closure	Percentage of Physical Achievement
11.	Organic cultivation of Kiwi and large Cardamom at Ziro, (LS District)	05-09-2011	489.36	31-08-2015	387.57	21-05-2018	81.31
12.	Establishment of Kiwi garden at Dora Morey at Hija Village, (LS District)	23-03-2012	309.78	22-03-2016	247.50	21-05-2018	74.19
<b>Total</b>			<b>4,689.71</b>	--	<b>2,845.47</b>	--	--

Source: Departmental records

The approved cost for the 12 closed projects was ₹46.89 crore out of which NEC's Share was ₹42.68 crore and State Share was ₹4.21 crore. Till the date of closure, NEC had released an amount of ₹26.12 crore leaving a balance of ₹16.56 crore while GoAP had released its share of ₹2.33 crore with a balance of ₹1.88 crore.

Out of these 12 closed projects, 11 projects were beneficiary oriented projects with the intention to create meaningful employment for youths and farmers and sustainable development in the area by growing horticulture crops suitable to the area/ soil and give immediate income to the youths and farmers. These 11 projects have a target of planting 4,305 Ha with a potential of annual income of ₹104.15 crore to farmers out of which the Department achieved 2,365.82 Ha resulting in shortfall of 1,939.18 Ha having a potential to earn ₹44.24 crore. The State Government had not earmarked or spent its own resources to revive these projects. Thus, due to closure of the projects by NEC and non-revival of the projects by the State Government, the intended objectives of the projects were not achieved.

Out of the 12 closed projects shown in **Table 3.13**, outstanding balance to be released by NEC against projects at Sl. No. 3 was as high as ₹314.80 lakh. This project along with one project (Sl. No. 9) pertaining to creation of infrastructure are discussed in detail below:

**(i) Establishment of Biotechnology Training and Development Centre in Ziro**

Horticulture Department, GoAP proposed (February 2010) a Project '**Establishment of Biotechnology Training and Development Centre in Ziro**' costing ₹4.96 crore to the Ministry of Development of North Eastern Region (DoNER), NEC, GoI. Objectives of the project were to bring a new scientific revolution, generate employment opportunities and improve the socio-economic status of the State. The Ministry (NEC) accorded (March 2011) administrative and financial approval of ₹3.98 crore for the project, as the State Government had already committed that ₹97.58 lakh, in addition to the State share, would be borne either from funds available with the local Member of Legislative Assembly (MLA) under the Member of Legislative Assembly Local Area Development (MLALAD) Scheme or from State Government resources. The project was to be funded in the ratio of 90:10 on cost-sharing basis between the Central (₹3.58 crore) and State Government (₹39.00 lakh). The Project was scheduled to be completed by March 2013.

Scrutiny of records of the District Horticulture Officer (DHO), Ziro, Lower Subansiri District, revealed that the work was executed by the Water Resources Department, Ziro Division, by issue of 55 Work Orders to seven local Contractors/ Suppliers, in order to

avoid the necessity of obtaining approval from higher authority. The work commenced in January 2012. As of August 2019, out of total estimated amount of ₹4.96 crore, ₹1.73 crore<sup>29</sup> was released and spent for the project in December 2013, as shown in **Appendix 3.6**.

Audit noticed that:

- out of 14 approved items, only four items were executed;
- only two vehicles (Bolero and Tata Mobile) out of three approved vehicles were purchased;
- there was less execution in SPT-II Building and Septic Tank by two nos. each;
- the Department could execute only 171 mtrs. out of the approved 2,065 mtrs. of Security Fencing. 1,894 mtrs. remained unfenced, though the Department incurred ₹61.41 lakh (93 *per cent*) against the estimated amount of ₹65.79 lakh;
- The Division constructed 364 mtrs. (₹14.22 lakh) of the Approach Road against the approved 100 mtrs. (₹7.05 lakh). There was excess construction of 264 mtrs., resulting in excess expenditure of ₹7.17 lakh.
- Approved vital component - Tissue Culture Laboratory - and other items like Generator, Water Supply and RCC Double Storage Administrative/ Office Building, costing ₹291.52 lakh, were not executed at all due to closure of the scheme by NEC.

Further scrutiny revealed that NEC released (March 2011) 1<sup>st</sup> Instalment of ₹143.44 lakh and the State Government released ₹44 lakh<sup>30</sup> as State share. The Central share of ₹143.44 lakh was released by the State Government in December 2011, after a delay of eight months from the date of release by NEC. Audit also observed that the DHO, Ziro, submitted (March 2013) the UCs for ₹143.44 lakh to the Director of Horticulture, who in turn forwarded (October 2013) it to the Director (Planning), Itanagar, GoAP, after a delay of seven months for onward submission to NEC. Thus, belated release of Central share/ submission of UCs by the State Government delayed implementation of the Project by two and a half years from the date of release of fund by NEC. Further, UCs of only ₹30.00 lakh against State share was submitted (February 2016) to the Director of Horticulture by DHO, Ziro. However, expenditure of ₹14.00 lakh, which was released (January 2012) as State share from MLALAD fund, was not reflected in any record and no item of work was found executed out of this amount. Thus, mis-utilisation of ₹14.00 lakh against the project could not be ruled out.

Further scrutiny revealed that NEC did not release further instalments for the project due to the following discrepancies:

- There was a difference in expenditure figures shown by Audit (₹136.70 lakh) and revised Statement of Expenditure (₹143.44 lakh) submitted by the State Government. In this regard, NEC requested (February 2014) the State Government to get the revised expenditure figure audited and submit a Status Report on the

<sup>29</sup> The NEC released (March 2011) ₹1.43 crore as 1<sup>st</sup> instalment and the State Government released ₹30 lakh (March 2013)

<sup>30</sup> ₹14 lakh from MLALAD Fund (06 January 2012) and ₹30 lakh (26 March 2013)

Project with videography, etc. so that NEC could further process the case for release of the next instalment for the project. However, no action was taken by the State Government.

- NEC requested the State Government several times<sup>31</sup> to initiate corrective measures against deficiencies in design/ implementation of the Project, noticed by the then Secretary, DoNER, while visiting the Project site. But the deficiencies in design/ implementation was not specified by the NEC in the correspondences/ request letters. In order to initiate corrective measures, the State Government corresponded (March 2017 and February 2018) with NEC to specify the deficiencies, but no clarification was received from NEC. Thus, no action could be taken by the State Government.

Subsequently, execution of work was stopped from December 2013 due to nonavailability of funds. The project was declared as closed (May 2018) on ‘as is where is’ by NEC as the scheme became more than five years old conveying to the State Government that left-over works of the project were to be completed by the State Government from its own funds and the assets be utilised. The outstanding amount to be released by NEC at the time when it was declared closed was ₹215.16 lakh.

During joint physical verification of the work-site by the Department and Audit, it was revealed that (i) the executed Approach Road was damaged; ii) the Administrative Block and Retaining Wall had deteriorated; iii) the work-site was overgrown with wild grass; and (iv) buildings and other completed works remained idle, as evident from the photographs below:



<sup>31</sup> March 2015, November 2015, February 2017, June 2017 and October 2017

Failure of the Department to resolve discrepancies in expenditure figures and deficiencies in design/ implementation of the project, subsequently led to stoppage of funds. Consequently, the expenditure of ₹1.73 crore incurred so far on the project was wasteful, as the project was still incomplete and other items costing ₹291.52 lakh, were not executed at all, including the vital component, Tissue Culture Laboratory. The Project was left abandoned since December 2013. Besides, people of the State were deprived of the benefits envisaged from the project.

In reply (November 2020), the Department stated that neither was any additional fund released against the project nor did the State Government take any initiative to revive the Project from its own resources.

Thus, the Director of Horticulture and District Horticulture Officer, Ziro failed to resolve the discrepancies as pointed out by the NEC which resulted in closure of project and expenditure incurred till date was wasteful. Therefore, the State was still deprived of Biotechnology Training and Development Centre despite incurring expenditure of ₹1.73 crore.

***Recommendation: The State Government may fix responsibility for the wasteful expenditure against the concerned District Horticulture Officer. The State Government may also take steps to utilise the created assets appropriately.***

**(ii) Cultivation of Citronella in Pongchan Wakka Circles, Tirap District, Arunachal Pradesh**

The estimated cost for the project was ₹876.80 lakh out of which beneficiaries' contribution would be ₹385.00 lakh. The Detailed Project Report (DPR) projected a total area coverage of 556 Ha under Citronella Plantation, installation of 20 distillation units, and benefit to 278 identified households (two Ha. each). The time-frame for completion of the scheme was three years.

The GoI approved (23 November 2012) the project for ₹491.80 lakh (Central share: ₹442.62 lakh (90 per cent) and State share: ₹49.18 lakh (10 per cent) and sanctioned ₹177.00 lakh as 1<sup>st</sup> installment. The due date of completion of the project was three years from the sanctioning of the project *i.e.* 22 November 2015.

Scrutiny of records revealed that the 1<sup>st</sup> instalment (₹177.00 lakh) of Central share was released by State Government in September 2013 after a delay of about 10 months from the date of release of fund by NEC. Further scrutiny revealed that the DHO, Khonsa, submitted (February 2014) the UC for ₹177.00 lakh (covering 100 beneficiaries against 200 Ha and installation of seven distillation units) to the Director of Horticulture who in turn forwarded to Planning Department in April 2014. Planning Department forwarded the UC to the Secretary, NEC, Shillong on 21 January 2015 *i.e.* after a delay of almost three years from the date of fund release by NEC. The State Government had never released its mandatory pro rata share of ₹17.70 lakh.

In July 2015, NEC requested the State Government to submit detailed information on manuring schedules and input items, type and no. of trainings conducted along with list of participants, photographs of sign boards erected in all the project sites, *etc.*, to avail

the next instalment. However, the State Government had never submitted/ furnished the information to NEC.

Thus, due to delay in release of Central share by State Government, the implementation of the project was delayed by almost 10 months while non-release of the pro rata State share by the State Government also led to delay in completion of the project by two years and six months till May 2018 (date of closure). Besides, nonfurnishing of information/ documents as required by NEC by the State Government led to non-release of 2<sup>nd</sup> installment of Central share by NEC which consequently also led to non-completion of the project even after more than five years from the date of sanction.

Following undue delay in completion of the project, NEC declared the project as closed on 21 May 2018 'as is where is basis'. The outstanding amount to be released by NEC was ₹265.62 lakh which stood a loss to the State Government.

Besides, 100 beneficiaries (200 Ha) were shown covered depriving the remaining 178 beneficiaries (356 Ha) of annual income amounting to ₹309.72 lakh @ ₹1.74 lakh per beneficiary as envisaged in the project and thus, denying increase of per capita income to the 178 beneficiaries. The Department has not maintained any data of income and yield of citronella oil against the coverage of 200 Ha at the cost ₹177.00 lakh. In absence of the mentioned data, the intended outcome of the partially implemented project could not be ascertained in audit.

The Department stated (October 2021) that the reasons for delays in some projects were due to poor accessibility and adverse weather conditions. Further, the Covid pandemic also had its adverse effects during the last two years. The Department assured that henceforth, things will be closely monitored to avoid similar delays in the future. As far as UC is concerned, the Department stated that UC could not be submitted in time due to non-release of state share by the State Government with respect to the closed projects, the Department assured that all possible efforts will be made in future to avoid such closure.

Thus, in the absence of monitoring, as many as 11 projects of ₹28.35 crore were closed by NEC and an expenditure of ₹28.45 crore was wasted in 12 Projects.

#### **3.2.8.16 Partial execution of project**

One of the projects<sup>32</sup> approved by NEC in April 2017 for ₹400.00 lakh was for Large Cardamom plantation in 72.46 Ha. Against this target, a coverage of 500 Ha were shown to have been achieved resulting in excess coverage of 422.54 Ha which was almost six times of the targeted Ha.

Scrutiny of records revealed that unit cost per Ha as per DPR was ₹5.52 lakh while the unit cost allowed by the State Government during implementation was only ₹0.80 lakh. It was seen that the quantity of barbed wire required as per DPR was reduced by 1,386 kg (₹1.73 lakh) per unit during implementation constituting 90.23 per cent of the requirement. Sprayers, organic manure, vermicompost, tools and implements and training of farmers required as per DPR at the cost of ₹2.37 lakh per unit were not considered in the sanction order of the State Government. Similarly, Bio-PP Chemicals

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<sup>32</sup> Large Cardamom Cultivation at Pitam Area of Sindak Village under Siyum Circle, Upper Subansiri District

and TPT to the extent of ₹0.52 lakh per unit was not sanctioned by the State Government though required as per DPR.

The project was shown executed as per sanction order of the State Government. This indicated that either the Department had proposed excess components in the DPR which were actually not required or omission and curtailment of vital components by the State Government resulted in excess execution and coverage of 422.54 Ha indicating partial execution of the project.

The Director (October 2021) agreed with the audit observation and stated that the matter will be looked into and if required necessary action will be taken.

### 3.2.8.17 Implementation of sampled projects

Out of the 21 projects, seven projects implemented in the sampled districts were test checked in audit. Out of the seven sampled projects, two<sup>33</sup> projects were ongoing, one<sup>34</sup> project was completed and remaining four<sup>35</sup> projects were closed.

**Ongoing projects:** In two of the ongoing sampled projects, the eligible beneficiaries were deprived of the benefits out of the projects as discussed below.

One project was sanctioned in June 2014 for ₹360.00 lakh. Out of ₹360.00 lakh, ₹272.16 lakh was released and expended. The achievement was 340 Ha against the target of 450 Ha. The due date of completion was June 2017 but it was still incomplete and ongoing. As per DPR, each beneficiary was to be allotted one unit of one Ha each and Department incurred an expenditure of ₹77.45 lakh on procurement of various seedlings and garden tools, *etc.* which were distributed to the beneficiaries, while the remaining released amounts were also paid to beneficiaries. The coverage till the date of audit (January 2021) was only 340 Ha with 281 beneficiaries and out of these 281 beneficiaries, 36 were allotted two to four Ha per beneficiary depriving 59 eligible beneficiaries (21 *per cent*) of the benefits out of the project. Details of survival rate, quantity produced by beneficiaries *etc.* were not on record.

The other project was sanctioned in April 2016, the entire approved amount of ₹399.00 lakh was spent for achieving 793 Ha against the target of 798 Ha. Under this project, cultivation of cash crops with intercropping of Pineapple/ Banana Garden was to be carried out to cover 751 beneficiaries. Audit observed that although planting material like (Ginger, Pineapple, Banana, Maize and Potato seeds), Barb wire, Tools, Manure *etc.* were procured, the same was distributed to only 444 beneficiaries (including 223 beneficiaries not in the list appended to DPR constituting 50 *per cent*). Therefore, a total of 530 eligible beneficiaries were deprived of the benefits under the project. Even among the 444 beneficiaries, for 278 beneficiaries, no intercropping material was distributed.

<sup>33</sup> (i) Establishment of Mandarin orange, Guava and large Cardamom Garden under Tegiso, Naya Happa of Pech village (ii) Cash crops with intercropping of pineapple/ banana garden at Sika – Bramin Tode, Rani, Magnang, 12-Mile, Sille *etc.*

<sup>34</sup> Integrated Horticulture development in Ambam Area under Lower Subansiri District

<sup>35</sup> (i) Compact Area Horticulture Garden with Orange, Pineapple and Banana Cultivation at Radum, (ii) Establishment of Biotechnology Training and development centre at Ziro, (iii) Organic cultivation of Kiwi and large Cardamom at Ziro, Lower Subansiri, (iv) Establishment of Kiwi garden at Dora Morey at Hija Village under Lower Subansiri

The Department has not received potato seeds (₹5.65 lakh of March 2017) and pineapple suckers (₹4.73 lakh of January 2021) amounting to a total of ₹10.38 lakh from the supplier despite making payment and other materials like tool, fertilisers *etc.* (₹88.47 lakh) already procured were also not issued to the beneficiaries.

The Department stated (October 2021) that in many cases it has happened that when the scheme was discussed with the beneficiaries for preparation of DPR, many showed their willingness. However, DPR approval takes considerable time and by the time the approval is received, many of the beneficiaries opt out of the scheme.

Therefore, depriving the benefits of the projects to 21 to 50 *per cent* of the beneficiaries selected during preparation of DPR indicates that the selection of beneficiaries was done without proper survey and investigation resulting in identification of beneficiaries lacking interest in the project.

**Recommendation:** *The Department may take steps to recover the amount paid to the suppliers for procurement of potato seeds and pineapple suckers and also take steps to distribute the procured tools at earliest to the needy beneficiaries.*

**Closed projects:** In one<sup>36</sup> out of the four closed projects, ₹70.00 lakh was released by the State Government in November 2015 as 2<sup>nd</sup> installment. The total area to be covered was 15 Ha and the same was shown achieved by incurring the same amount. However, there was less procurement and distribution of vital components of the project such as Kiwi grafts, Barbed wire and T-Bar to the tune of 2,500 nos. (33.33 *per cent*), 400 kgs. (6.67 *per cent*) and 16,327 nos. (31.68 *per cent*) due to procurement of the materials at higher rate. This indicates that the execution of the project covering 15 Ha was below specification.

In another<sup>37</sup> project, an amount of ₹82.66 lakh was released in October 2015 as 2<sup>nd</sup> instalment out of which ₹80.39 lakh was for coverage of 103 beneficiaries (103 Ha). While the entire amount of ₹81.66 lakh was incurred, the total number of beneficiaries covered was only 35. Each beneficiary was provided assistance for two to four Ha. Thus, 68 beneficiaries were deprived of the benefits under the project due to excess allotment of units (Ha) to 35 beneficiaries. Further, though 103 Ha was shown achieved, there was less procurement and distribution of vital components of the project such as Banana suckers, Orange suckers and Barbed wire to the tune of 11,250 nos. (25 *per cent*), 2,418 nos. (20 *per cent*) and 11,124 kg. (36 *per cent*) due to procurement of the materials at higher rate. This also indicates that the execution of the project covering 103 Ha was below specification.

The Department assured (October 2021) to make all possible efforts so that the same is not repeated in future.

### 3.2.8.18 PMKSY

PMKSY was launched on 01 July, 2015 with the objective to achieve convergence of investments in irrigation sector at field level. The main objective of the component

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<sup>36</sup> Establishment of Kiwi garden at Dora Morey, Hija Village under Lower Subansiri District.

<sup>37</sup> Compact Area Horticulture Garden with Orange, Pineapple and Banana Cultivation at Radum (Nyoya) Village under Kamporijo Circle in Lower Subansiri District

was to promote micro irrigation technologies in water intensive/ consuming crops and increase productivity of crops. As per the guidelines (Paragraph 19.1), the pattern of assistance payable to the beneficiary under the micro irrigation scheme will be 55 *per cent* for small and marginal farmers and 45 *per cent* shall be contributed by the beneficiary. An amount of ₹77.00 lakh for 2016-17 was incurred for covering drip irrigation of 110.10 Ha. It was noticed that full cost of the unit was provided as assistance without any beneficiary contribution. Out of ₹77 lakh, ₹70.00 lakh was Central share. Thus, there was extra expenditure of ₹29.86 lakh which could have been used for more coverage.

Further, an amount of ₹1,694.44 lakh was sanctioned during 2019-20 towards drip irrigation and other water conservation interventions, out of which ₹346.60 lakh was for sampled Districts. An amount of ₹101.21 lakh (on drip irrigation) and ₹62.50 lakh (on other interventions) were incurred in the sampled districts.

Audit observed that a total amount of ₹184.00 lakh was required for installation of Drip irrigation in 306 Ha out of which ₹101.21 lakh<sup>38</sup> will be government assistance and the remaining amount of ₹82.80 lakh will be beneficiaries contribution. Scrutiny of records revealed that the contractor/ firm submitted bills amounting to ₹101.21 lakh against cost of Installation of Drip Irrigation in 306 Ha without indicating the specification of work done. The Department released the whole amount of the bill to the firm without deducting or realising the beneficiaries contribution amounting to ₹40.99 lakh (45 *per cent* of ₹91.08 lakh). Therefore, against the total value of work to be done at the cost of ₹184.00 lakh, works worth ₹101.21 lakh were shown executed without beneficiaries contribution. Works worth ₹82.80 lakh were not executed indicating execution of work was below specification.

On the other hand, total cost of 39 units of Other Intervention was ₹62.50 lakh out of which ₹34.37 lakh (55 *per cent*) would be government assistance and ₹28.13 lakh would be beneficiary contribution. However, the total cost of the project was sanctioned by the Government as assistance. The Department incurred the whole sanctioned amount of ₹62.50 lakh against construction of 39 Units without realising beneficiary contribution. This had resulted in excess expenditure of ₹28.13 lakh<sup>39</sup>.

The Department stated (October 2021) that the scheme was implemented in 2016-17 under National Mission on Micro Irrigation as operational guidelines of PMKSY (PDMC) came only in 2017.

However, even in 2019-20 the entire cost of the units under the scheme were incurred without restricting to 55 *per cent*. Thus, the guidelines were not adhered to during implementation of the scheme.

<sup>38</sup> Central share = ₹91.08 lakh, State Share = ₹10.12 lakh

<sup>39</sup> Central share = ₹25.32 lakh, State share = ₹2.81 lakh

### 3.2.8.19 Implementation of RKVY Schemes

#### 3.2.8.20 Establishment of Vermicompost Units in Government Farms

Scrutiny of records revealed that a total of ₹nine lakh was sanctioned for four units of vermicompost @ ₹2.25 lakh per unit in Government farms in Papum Pare



Vermicompost units in Government Nursery,  
Yupia

District. A total payment of ₹8.91 lakh was made to the supplier (M/s Tarak Achak Enterprises, Naharlagun) for construction of four vermicompost units. However, on physical verification of the site at Government Farms, it was observed that only two units of vermicompost units were constructed but not functional. No vermicompost was found produced in the two units. Instead, vegetables were found sown in the Units as could be seen from the photo aside.

DHO, Papum Pare stated (April 2021) that four vermicompost units were constructed as per specification of the Government.

The reply is not acceptable as only two units with specification of 8 x 25 x 2.5 ft. (Government specification) were found constructed during physical verification of site as shown in the above photograph.

**Recommendation:** *The State Government may take action after fixing responsibility against concerned DHOs.*

#### 3.2.8.21 Plastic crates

Against the estimated cost of ₹six lakh @ ₹600 per piece for 1,000 plastic crates, a total amount of ₹three lakh was sanctioned for 1,000 nos. of Plastic Crates @ ₹300 per piece in February 2019 to be incurred by DHO, Yingkiong, Upper Siang District during 201819 under RKVY while the balance of ₹three lakh was to be borne by the beneficiaries @ ₹300 per piece. Although the scheme was sanctioned in February 2019, it was implemented only during April 2021 to June 2021 after a delay of more than two years. The Department stated that the intervention could not be implemented in time due to Covid pandemic. The reply of the Department is not acceptable as Covid pandemic started in March 2020 while the scheme was sanctioned in February 2019. Thus, due to unpreparedness of the DHO, Yingkiong to implement the scheme on time, there was blockade of Government money to the tune of ₹three lakh for more than two years besides the beneficiaries were deprived of the timely benefits.

Moreover, it may be mentioned here that under special interventions (MIDH), DHO, Yingkiong, Upper Siang District procured 642 nos. of plastic crates at the cost of ₹five lakh (@ ₹778.80 per piece) and all the plastic crates were found distributed to farmers as discussed under **Paragraph 3.2.9.9**. Audit opined that the intervention under RKVY could not be implemented till March 2021 as the requirement of the farmers were met under MIDH.

Audit also observed that DHO, Yingkiong, without collecting beneficiaries contribution had procured only 375 nos. of plastic crates @ ₹800 per no. with the sanctioned amount of ₹three lakh against the approved rate of ₹600 per no. The plastic crates were distributed to 60 beneficiaries @ three to ten nos. per beneficiary. The procurement rate was higher by ₹200 per no. Thus, due to procurement of plastic crates at higher rate by DHO, Yingkiong and without collecting beneficiaries contribution, there was shortfall in procurement and distribution of plastic crates to the tune of 625 nos., apart from extra expenditure.

### 3.2.8.22 Development of Packaging Material

An amount of ₹38.50 lakh was sanctioned in February 2017 for Development of Packaging material in East Siang District (₹22.50 lakh) and Lower Subansiri District (₹16.00 lakh). The component under RKVY Scheme was approved by SLSC for bamboo carat/ baskets to be implemented through SHGs/ progressive farmers only. However, a total amount of ₹37.43 lakh was incurred for procurement of packing box, supply box, designing box, printing of label, sticker *etc.* from suppliers without inviting tender or quotation and was distributed to the farmers and Government nurseries. Therefore, the component was implemented departmentally without involvement of SHGs/ progressive farmers. Also, no bamboo carat/ baskets were found procured and distributed under the Scheme's component.

The Department stated (October 2021) that SHG/ progressive farmers could not be made part of the process due to the high cost of their products.

The reply of the Department was not acceptable as the intervention under the scheme was approved by SLSC for bamboo carat/ baskets to be implemented through SHGs/ progressive farmers to boost their production and procurement from supplier defeated the purpose.

### 3.2.8.23 Implementation of State Schemes

During the review period, the State Government was implementing 45 State Schemes (₹13,492.50 lakh) out of which audit test checked six major projects (₹9,839.04 lakh constituting 73 per cent) which are shown in **Table 3.14**.

**Table 3.14: Details of implementation of six State Schemes**

Sl. No.	Name of State Schemes	Amount (₹ in lakh)
1.	CM's Sashakt Kisan Yojana (CMSKY)	5,651.76
2.	Alternative Livelihood for Opium Cultivation (ALOC)	1,500.00
3.	Cabinet Committee on Infrastructure (CCI)	1,057.30
4.	Upgradation/ Maintenance of Farms and Nurseries	924.98
5.	Installation of Improved Large Cardamom Driers in Farmers field (LC Drier)	400.00
6.	Horti Marketing	305.00
<b>Total</b>		<b>9,839.04</b>

Source: Departmental records

### 3.2.8.24 Non adherence to guidelines

As per the scheme guidelines of CMSKY, CCI, LC Drier and ALFOC, selection of beneficiaries was to be done through a committee/ society duly constituted by the respective DC. Besides, survey of affected areas was to be conducted in consultation with district administration to identify and select beneficiaries for ALFOC. For providing Large Cardamom Drier in farmers' field, selection of beneficiaries has to be done on cluster basis jointly by representatives of production cluster/ FPO (if any) and concerned district officers.

- District level committee was constituted in all the sampled district and beneficiaries' lists were approved by the committee under CMSKY, CCI, ALFOC and LC Drier. Except for the list of the selected beneficiaries, there was no record about the basis for selection of beneficiaries. Even land holding details of these beneficiaries were not available.
- In the case of LC Drier, neither the cluster approach for selection of beneficiaries was followed nor were they jointly selected by the representatives of FPO *etc.* 21 beneficiaries were selected from 17 different villages of 16 different circles.
- For implementation of ALFOC scheme, the Department had not conducted survey to identify the affected areas, or persons involved in poppy cultivation, and even the land holding details of beneficiaries were not available. During interaction with two of the beneficiaries in East Siang District, the two beneficiaries stated that they have never cultivated opium/ poppy on their land.

As per scheme guidelines of CMSKY and CCI, DHO/ HDO shall hold a meeting with selected beneficiaries to address the modality of the programme before commencement of implementation.

Scrutiny of records revealed that no pre-implementation meetings were held in all the sampled districts to address the modality of the programme in contravention to the scheme guidelines.

As per the scheme guidelines of CMSKY and CCI, the beneficiaries shall be made to compulsorily register under HORTNET Portal to be assisted under Area Expansion Programme/ Government Scheme.

Audit observed that the beneficiaries were not found registered under HORTNET Portal in the sampled Districts, except in East Siang District, in contravention to the guidelines.

As per guideline of the CMSKY and CCI, planting materials were to be procured from Government Certified/ accredited Nurseries/ farms. In case of non-availability of planting materials at Government Accredited farms, the purchasing committee may procure from other sources based on the non-availability certificate.

Audit observed that a total of ₹533.98 lakh was incurred during March to July 2020 on procurement of 35,94,696 nos. of planting materials in the four sampled Districts under CMSKY (₹456.29 lakh, 32,60,733 nos.) and CCI (₹77.69 lakh, 3,33,963 nos.) without inviting tenders thereby compromising the competitive rates available in the market.

The planting materials were procured from private nurseries and non-accredited/certified firms without inviting tender or quotation in violation of the guidelines and GFR. Non-availability of the planting materials in the districts was not reported to the Directorate of Horticulture. The implementing Department had also not obtained approval of competent authority as required for procuring from non-accredited/certified agencies. Procurement was also not made based on the requirement assessed taking into account the area, due to which there were instances where some of the beneficiaries were not distributed the required planting material, also instances where the planting material was procured far in excess of the requirement.

The Department stated (October 2021) that the beneficiaries were selected by the concerned DHOs based on the recommendations of PRIs. However, with respect to the other issues pointed out by audit, the Department stated that necessary precautions will be taken in future to ensure compliance to the guidelines.

The reply of the Department is not tenable as evidence of recommendations made by the PRIs in the sampled districts for selection of beneficiaries was not on record.

### 3.2.8.25 Avoidable Expenditure due to procurement at higher rate

An amount of ₹456.29 lakh was incurred on procurement and distribution of 32,60,733 nos. of planting materials in the four sampled districts during the period covered by audit under CMSKY. Audit, however, observed that the purchase rate of seedlings in respect of seven crops – (i) Kiwi, (ii) M. Orange, (iii) Banana, (iv) L. Cardamom, (v) Arecanut, (vi) Black pepper and (vii) Walnut were higher in Papum Pare and Upper Siang Districts compared to the other two sampled districts as detailed in Table 3.15.

**Table 3.15: Details of procurement of seedlings under different rates**

(Amount in ₹)

Sl. No.	Crops	No. of seedlings purchased	Rate of purchase	Total Amount	Lower purchased rate in Lower Subansiri and East Siang	Amount if procured at Lower rate
<b>Papum Pare</b>						
1.	Kiwi	4,950	150	7,42,500	75	3,71,250
2.	Mandarine orange	13,950	50	6,97,500	25	3,48,750
3.	Banana	75,000	25	18,75,000	20	15,00,000
4.	Large Cardamom	1,55,540	15	23,33,100	10	15,55,400
5.	Arecanut	34,000	30	10,20,000	20	6,80,000
6.	Black pepper	34,000	20	6,80,000	10	3,40,000
<b>Total</b>		<b>3,17,440</b>	<b>-</b>	<b>73,48,100</b>	<b>-</b>	<b>47,95,400</b>
<b>Upper Siang</b>						
1.	Large Cardamom	4,53,288	15	67,99,320	10	45,32,880
2.	Walnut	6,600	150	9,90,000	60	3,96,000
<b>Total</b>		<b>4,59,888</b>	<b>-</b>	<b>77,89,320</b>	<b>-</b>	<b>49,28,880</b>

Source: Departmental records

It was observed that DHO, Upper Siang and DHO, Lower Subansiri procured Walnut saplings from the same supplier (M/s Rahman Enterprises, Hojai, Assam) but at different rate *i.e.*, @ ₹150 per sapling in May 2020 and ₹60 per sapling in March 2020 respectively. Thus, there was total avoidable expenditure of ₹54.13 lakh<sup>40</sup> in the two sampled Districts due to procurement of planting materials at higher rate.

The Department stated (October 2021) that the variations in price could be due to the transportation cost and types of seedlings.

The reply of the Department was not acceptable since transportation cost was not considered in computing the avoidable expenditure and all the seedlings were procured from non-accredited nurseries and no specification of seedlings were mentioned in the bills nor in supply orders.

### **3.2.8.26 Procurement and Distribution of Barbed wire**

In the four sampled Districts, a total of ₹521.51 lakh was sanctioned against 3,68,300 kg. of Barbed Wires for fencing 1,175 Ha of horticulture garden under CMSKY and an amount of ₹421.72 lakh was incurred against 3,41,105.63 kg. of Barbed Wires. As per the Scheme guidelines, 356 kg of Barbed Wires was required in one Ha of Perennial horticulture crops garden while 231 kgs. of Barbed Wires were required in one Ha of off-season horticulture crops. However, procurement was done without reference to the requirement as per guidelines. Against the requirement of 1,94,376 kgs. of Barbed Wires in three sampled districts, 2,23,855.60 kgs. was procured resulting in excess procurement of 29,479.63 kgs. costing ₹58.04 lakh. In Lower Subansiri District, the procurement was less than the requirement due to which 629 beneficiaries were issued less barbed wire ranging between 30 to 36 *per cent* of the requirement. In this District, out of the amount saved in less procurement of barbed wire (₹99.72 lakh) an amount of ₹54.15 lakh was spent on distribution of manure which was not covered by guidelines.

In case of CCI, due to non-release of funds the barbed wire could not be distributed to 247 beneficiaries in three districts as per guidelines endangering plantations worth ₹65.14 lakh. However, in East Siang District, excess barbed wire was procured from local firms at different rates ranging from ₹63.56 per kg. to ₹125 per kg., resulting in avoidable expenditure of ₹19.46 lakh.

The Department stated (October 2021) that in future they will comply with the guidelines in procurement and distribution of barbed wire.

Thus, failure of the DHOs of the three districts<sup>41</sup> to comply with the guidelines had resulted in excess expenditure of ₹58.04 lakh under CMSKY and avoidable expenditure of ₹19.46 lakh under CCI. Efforts may be made to reallocate the excess procured material to nearby districts where less procurement was done.

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<sup>40</sup> In Papum Pare District: ₹73.48 lakh (-) ₹47.95 lakh and in Upper Siang District: ₹77.89 lakh (-) ₹49.29 lakh

<sup>41</sup> Papum Pare, East Siang and Upper Siang District

### 3.2.8.27 Implementation of Alternative Livelihood for Opium cultivation

An amount of ₹1,500.00 lakh for implementation of Area Expansion Programme on Major Horticulture Crops on Providing Alternative Livelihood to Opium Poppy Cultivators by Providing Planting Materials for Cash Crops was sanctioned in March 2018 under SADA. The scheme was implemented in two out of the four sampled districts (East Siang and Upper Siang Districts) with the sanction amount of ₹165.97 lakh and ₹165.01 lakh respectively. Under the scheme, assistance would be provided for land development, barbed wire, planting materials, vermicompost *etc.*

In Upper Siang District, an amount of ₹153.61 lakh out of ₹165.01 lakh was transferred to 37 beneficiaries @ ₹4.15 lakh through Direct Benefit Transfer (DBT) during October and November 2018 on the strength of a bill prepared on a plain paper without any evidence of procuring the planting materials by the beneficiaries. Though an amount of ₹28.12 lakh was shown incurred on engagement of labour, there were no muster rolls available to prove that labour was engaged. There was no record to show when the sowing and erection of fencing commenced and were completed. This casts doubt on the plantations as per scheme by beneficiaries.

In East Siang District, out of total amount of ₹165.97 lakh, an amount of ₹56.49 lakh was distributed to 39 beneficiaries in DBT mode towards land preparation and erection of fencing, and another amount of ₹93.47 lakh was incurred on procurement and distribution of materials such as seedlings, barbed wire, U nails, vermicompost *etc.* for onward distribution to 39 beneficiaries. Vermicompost was procured at a higher rate resulting in distribution of less quantity to the beneficiaries ranging between 27 to 38 *per cent.*

The Department stated (October 2021) that the planting materials were procured by the beneficiaries from their own farms. Hence, no bills were available. However, the execution of scheme by the beneficiaries was duly certified by the administrative authority (CO/ ADC).

Therefore, the quality of the planting materials was not ensured by not procuring it from accredited nurseries. Moreover, the Department could not furnish copy of such certifications by the administrative authority to audit. Thus, actual execution of the schemes as per guidelines could not be authenticated in audit.

### 3.2.8.28 Implementation of LC Drier

Under the scheme, 21 units at a cost of ₹78.00 lakh in four sampled districts were sanctioned of which 16 units were completed and an amount of ₹59 lakh was paid. Out of the 16 completed units, 12 units were shown to have been executed by contractors at a cost of ₹45.40 lakh. However, essential details like, measurements, dates of commencement and completion, *etc.* were not available. Even in respect of four units (₹3.40 lakh) completed by beneficiaries, the essential details were not on record.

The Department stated (October 2021) that the concerned DHOs will be asked to take the required measurements and the same will be furnished to audit.

However, no such record of measurement was furnished by the Department as of April 2022.

### 3.2.8.29 Maintenance of Government Nurseries

During the period covered by audit (2015-16 to 2019-20), the GoAP maintained a total number of 27 Government Farms and Nurseries. Out of these, 22 Farms and Nurseries previously existed and five Farms and Nurseries were added during the period of audit. No operating manuals or guidelines have been framed for sustenance and maintenance of these farms and nurseries. From the records made available to audit, it was seen that for the period from 2015-16 to 2019-20, the Department has incurred a total expenditure of ₹8.71 crore on maintenance while earning a revenue of ₹2.37 crore. Thus, there was a gap of ₹6.34 crore between the expenditure and the revenue earned.

The nurseries were poorly maintained which is corroborated from test check of records and site inspection in the four sampled districts. The Department had planted various crops like orange, guava, banana suckers, litchi budded *etc.* in the nurseries but the survival rate was very poor. In Papum Pare District, it was seen that although banana suckers were planted every year in the nursery during 2015-16 to 2018-19 with an expenditure of ₹0.47 lakh with the survival rate of zero *per cent* while in 2019-20 the expenditure was ₹0.10 lakh with the survival rate of only 20 *per cent*. Hence, the expenditure of ₹0.48 lakh<sup>42</sup> was rendered wasteful. Similarly, in other districts the survival rates of some crops were as low as 0.14 to 7.50 *per cent*.

Further, physical verification of the nurseries revealed that:

Sl. No.	Name of Sampled Districts	Observation during inspection
1.	Papum Pare	Four units of Vermicompost not in use, few orange suckers planted on the ground without shade, damaged banana suckers, dilapidated green houses and no mother block.
2.	East Siang	One unused Vermicompost unit, all suckers/ saplings kept under green house shade, no mother block.
3.	Upper Siang	Vermicompost unit not functional, all orange saplings kept in the open with no shade or protection from the weather and animals, no mother block.
4.	Lower Subansiri	Most suckers/ saplings kept under greenhouse shade, but Vermicompost partially used, few suckers kept in the open without shade, no mother block.

Photographic evidences to substantiate the above are shown below:



Unused VC Unit and Unprotected saplings  
(Upper Siang)

Unprotected Saplings and Dilapidated Green House  
(Papum Pare)

<sup>42</sup> 2015-16 to 2018-19: ₹0.47 lakh and 2019-20: ₹0.10 lakh



The reasons for poor survival rate in the Government Nurseries were absence of mother block and growing of the suckers/ saplings in open space without shade.

The Department had accepted (October 2021) the facts.

### 3.2.8.30 Research and development programme

The State Government took a policy decision to create the State Horticulture Research and Development Institute (SHRDI) in the year 2015 with the main mandate to: (a) develop quality planting materials, (b) develop location specific cultivation technologies for the State, and (c) conserve and develop import indigenous plant germplasm including medicinal plants. An amount of ₹500.00 lakh was sanctioned in March 2018 as “One time Corpus Fund” for SHRDI and the interest of the corpus was to be utilised for research activities. Till the date of audit (November 2020), the Department earned interest of ₹71.99 lakh and expenditure of ₹14.90 lakh were incurred against purchase of vehicle, travel expenses, payment of land revenue, POL, office expenses *etc.* but no research activity as per the mandate was taken up.

The State Government had neither created nurseries for SHRDI nor handed over or parted with any of the existing 27 Government nurseries for research on quality planting materials and production of planting materials in the State. So far in Arunachal Pradesh, more than 80 *per cent* of the requirement of planting materials were procured from outside the State. Study has found that import of planting materials led to entry of foreign diseases which has devastating effect on existing gardens. Such diseases include Citrus Greening Disease which devastated orange plantation in Wakro and other growing areas of the State. Chirkey and Furkey viral disease from Sikkim has also caused large scale devastation of Large Cardamom plantation.

Thus, due to absence of nurseries for SHRDI for research on quality planting materials and production of planting materials, the State is still deprived of quality planting materials of its own, compelling the Department of Horticulture, GoAP to rely on import of planting materials which is a matter of concern as this has led to entry of foreign disease affecting the existing garden.

The Department stated (October 2021) that for carrying out research and development activities, enough space is required which at present is not available with the Department. Further, the vehicle was procured based on the functional necessity.

Therefore, SHRDI was created in 2015 without ensuring the availability of infrastructure/ enough space indicating lack of proper planning due to which its manpower could not be utilised in research and development activities as desired. The procurement of

vehicle reportedly for functional necessity was not acceptable as the fund was meant for research activities.

### **3.2.9 Promotion of Technology, Extension, Post Harvest Management, Processing and Marketing**

#### **3.2.9.1 Selection process of Beneficiaries**

As per MIDH guidelines (Paragraph 4.10), selection of the beneficiaries was to be done transparently by District Planning Committee and Panchayati Raj Institutions (PRI).

However, on scrutiny of records made available to audit in the four sampled districts in connection with the implementation of scheme, it was revealed that the beneficiaries were directly selected by the Department on the basis of the applications submitted by the probable beneficiaries. Apart from the above selection criteria prescribed by the guidelines, there was no other selection criteria prescribed by the State Government/ Department. There was evidence of involvement of PRIs in selection of beneficiaries. There was also nothing on record to substantiate that prior scrutiny/ evaluation of the beneficiaries was carried out by District Planning Committee and PRI.

In absence of PRIs in identification of beneficiaries, assistance was provided to beneficiaries without assessing the land holding capacity of the beneficiaries as discussed in **Paragraph 3.2.9.4 and 3.2.9.6.**

***Recommendation: The State Government needs to strengthen the involvement of PRI's in identification of beneficiaries to ensure the land holding capacity of the beneficiaries and provides assistance to deserving beneficiaries to achieve the required output.***

#### **3.2.9.2 Horticulture Farm Mechanisation**

Horticulture mechanisation (HM) is aimed to improve farm efficiency and reduce drudgery of farm work force. As per paragraph 7.43 of MIDH guidelines, assistance in this regard was to be provided for activities such as procurement of power operated machines and tools. Unit cost for Self Propelled Horticulture Machinery is ₹2.50 lakh while assistance will be subject to a maximum of ₹1.25 lakh/ unit. Also, maximum financial assistance to be paid for beneficiaries against Power tiller (8 BHP & above) is ₹0.75 lakh.

During 2015-20, an amount of ₹222.67 lakh was sanctioned for 355 units of Self propelled Horticulture Machinery in the State of which ₹68.75 lakh was for 55 units in the four sampled Districts against the requirement of 125 units as per their AAPs as detailed in **Table 3.16.**

Table 3.16: Details of HM required and sanctioned

(₹ in lakh)

Sl. No.	Name of the District	Unit required in AAP	Unit sanctioned	Total Unit cost	No. of power tiller procured	Total Assistance
1.	Papum Pare	0	10	12.50	10	12.50
2.	East Siang	60	18	22.50	04	4.14
3.	Upper Siang	65	15	18.75	15	18.75
4.	Lower Subansiri	0	12	15.00	14	15.00
<b>Total</b>		<b>125</b>	<b>55</b>	<b>68.75</b>	<b>43</b>	<b>50.39</b>

Source: Departmental records

It could be seen that a total of 33 units of Self Propelled Horticulture Machinery was sanctioned against the requirement of 125 units in two of the sampled districts indicating a shortfall of 22 units while in the other two districts (Sl. No. 1 and 4), 22 units were sanctioned without requirement. This indicated that sanctioning of the units was not based on the requirement of the implementing units.

Since the AAPs were prepared on an *ad-hoc* basis, the sanctions issued for units of mechanisation were without reference to the requirements/ forecast made in the AAP. In the sampled four Districts, the requirement in AAP was 125 units during 2015-16 to 2019-20, however, only 55 units were sanctioned at a cost of ₹68.75 lakh<sup>43</sup>. Further, only 43 power tillers out of the sanctioned 55 units were procured and provided to beneficiaries at a cost of ₹50.39 lakh. Thus, there was under utilisation of fund which led to short achievement of 12 units. Therefore, despite availability of fund, the target could not be achieved.

In case of 41 out of 43 beneficiaries, excess assistance of ₹0.25 lakh to ₹0.50 lakh were provided beyond the prescribed limit of ₹0.75 lakh per beneficiary as per the guidelines. Therefore, there was excess assistance provided to the extent of ₹11.26 lakh<sup>44</sup> to these beneficiaries. Thus, failure of the DHOs of the sampled districts to restrict the assistance to the limit prescribed by the guidelines resulted in avoidable expenditure of ₹11.26 lakh.

The Department stated (October 2021) that the scheme has many components. There could be excess assistance in some components, however, the Department had ensured that the overall assistance did not exceed the overall limit prescribed by the scheme guidelines.

The reply of the Department is not acceptable as the assistance provided to 43 beneficiaries of power tillers was more than the limit of ₹0.75 lakh per beneficiary prescribed in guidelines.

**Recommendation:** *The State Government may take action after fixing responsibility against concerned DHOs.*

<sup>43</sup> Central share = ₹ 61.87 lakh, State share = ₹6.88 lakh

<sup>44</sup> ₹50.39 lakh – ₹0.75 lakh x 43 – ₹6.88 lakh

### 3.2.9.3 Planting materials

MIDH guidelines (Paragraph 7.8) envisage that all planting materials were required to be procured from accredited nurseries. Since procurement of the material from the accredited nurseries was mandatory, early accreditation of nurseries was desired.

Audit noticed that during the audit period an amount of ₹66.00 lakh was incurred on strengthening and upgradation of six nurseries to meet the accreditation norms. Only two nurseries with an expenditure of ₹19.00 lakh was found accredited by Central Institute of Horticulture (CIH), Medziphema. However, four nurseries were not accredited despite incurring an expenditure of ₹47.00 lakh as the Department had not applied for accreditation till the date of audit (October 2021). Thus, inaction of the Department to upgrade and acquire accreditation against the four nurseries resulted in unfruitful expenditure of ₹47.00 lakh.

The Department procured all planting materials worth ₹131.03 lakh from non-accredited nurseries under MIDH in the four sampled districts during 2015-20 without inviting tender thereby compromising competitive price available in the market. Lack of accredited nurseries in the State had compelled the implementing agencies in the Districts to procure planting materials from non-accredited nurseries. Since the planting materials were procured from non-accredited nurseries, the quality of the planting materials was not ensured.

The Department stated (October 2021) that after the accreditation of two nurseries, CIH were supposed to do the accreditation of other nurseries also. But they never turned up for the same for the rest of the nurseries.

However, there was no record to show that the Department had invited the CIH for accreditation of the remaining nurseries.

### 3.2.9.4 Rejuvenation/ replacing senile plantations

The MIDH guidelines (Paragraph 7.20) envisaged that rejuvenation programme will address orchards and plantations which have low productivity. Assistance for rejuvenation/ replacing senile plantations (RRSP) will be @ 50 per cent of the cost limited to two Ha per beneficiary. Assistance (Unit cost - ₹40,000/ Ha while Government assistance would be 50 per cent of the total cost subject to a maximum of ₹20,000/ Ha) will be available only in respect of rejuvenating/ replanting senile and unproductive plantations through proven technologies. Canopy management will address maintenance of tree architecture as a means for productivity enhancement, particularly for fruit crops and high density plantations. In case of seedling origin, uneconomical orchards will be considered for replanting with improved varieties.

During 2015-20, the Department fixed target for rejuvenation/ replacement of senile plantation including canopy management only for mango. While the area under mango cultivation in the State was only 52 Ha, the target for rejuvenation/ replacement of senile plantation of mango ranging from 500 Ha - 1,850 Ha, in each year was fixed.

Scrutiny of records revealed that ₹532.28 lakh was sanctioned for 2,846 Ha of rejuvenation/ replanting senile and unproductive plantations in the State during 2015-20 out of which ₹180.60 lakh was meant for 945 Ha in the four sampled districts against the requirement of 7,750 Ha as per AAPs as detailed in **Table 3.17**.

**Table 3.17: Details of RRSP required and sanctioned**

(₹ in lakh)

Sl. No.	Name of the District	Unit required in AAP	Unit sanctioned	Total Unit cost
1.	Papum Pare	5,600	250	48.00
2.	East Siang	250	175	33.00
3.	Upper Siang	1,900	275	53.00
4.	Lower Subansiri	0	245	46.60
<b>Total</b>		<b>7,750</b>	<b>945</b>	<b>180.6</b>

Source: Departmental records

It could be seen that a total of 700 Ha was sanctioned against the requirement of 7,750 Ha in three of the sampled districts (Sl. No. 1 to 3) indicating a shortfall of 6,805 Ha while in the other one district, 245 units were sanctioned without requirement. This indicated that sanctioning of the units was not based on the requirement of the implementing units.

Further scrutiny revealed that in 250 units (Papum Pare-150, East Siang-75, Lower subansiri-25) out of the total 945 units, the Department incurred an amount of ₹50.00 lakh as 50 per cent subsidy against the total value of the bills of ₹100.00 lakh. However, in another 695 units in the four sampled Districts, excess expenditure was found incurred as detailed in **Table 3.18**.

**Table 3.18 Details of excess payment**

(₹ in lakh)

Name of the District	No. of Unit	Unit cost as per bills (in ₹)	Total Unit cost	Amount paid	Actual amount to be paid	Excess payment
Papum Pare	100	29910	29.91	18.00	14.95	3.05
East Siang	100	20000	20.00	18.00	10.00	8.00
Upper Siang	100	16996	16.99	16.99	8.49	8.49
	175	20000	35.00	35.00	17.50	17.50
Lower Subansiri	100	20000	20.00	20.00	10.00	10.00
	120	18000	21.60	21.60	10.80	10.80
<b>Total</b>	<b>695</b>	<b>--</b>	<b>143.50</b>	<b>129.59</b>	<b>71.74</b>	<b>57.84</b>

Source: Departmental records

Thus, there was an overall extra expenditure of ₹57.84 lakh due to assistance as subsidy over 50 per cent against 695 units costing ₹143.50 lakh @ ₹16,996 to ₹29,910 per unit. It was further noticed that department provided assistance for four units per beneficiary in Lower Subansiri in case of 30 beneficiaries (120 units) @ ₹18,000 per unit against the provision of providing a maximum of two Ha per beneficiary which was a clear violation of guidelines.

There was no evidence that only the eligible beneficiaries with low productivity orchards requiring the rejuvenation *etc.* were provided with the assistance. Further the essential details of the area infected, area covered *etc.* were also not on record.

Besides, the Department had provided assistance under the intervention without ensuring the land holding capacity of the beneficiaries due to which audit could not ascertain whether the beneficiaries actually possessed the required land for which assistances were provided.

The Department stated (October 2021) that all efforts were made to follow the guidelines. However, cases pointed out by audit are noted and will be looked into and necessary actions will be taken if required.

**Recommendation:** *The State Government should take appropriate measures for ensuring possession of land by the beneficiaries before extending assistance.*

### 3.2.9.5 Protected Cultivation

As per MIDH guidelines (Paragraph 7.25) 50 per cent of the unit cost (subject to the ceilings fixed in the guidelines) was to be provided as assistance for activities like construction of green houses, shade net house, plastic mulching, and plastic tunnels, anti-bird/ hail nets.

During 2015-20, the Department implemented Protected Cultivation such as Naturally ventilated tubular structure, naturally ventilated wooden structure and Plastic mulching and scrutiny of records in the sampled districts revealed the following:

**(i) Naturally ventilated tubular structure:** During the period covered in the review an assistance amount of ₹97.51 lakh<sup>45</sup> for 50 units to cover an area of 16,000 sqm. in three sampled Districts was sanctioned. It was noticed that in 45 out of 50 units, 100 per cent (₹82.47 lakh) cost of the units was given as assistance instead of restricting it to 50 per cent as per guidelines resulting in excess expenditure of ₹32.89 lakh<sup>46</sup>.

Except in East Siang District, there was no mention of the dimensions of the units constructed on the bills (nor in any other records) due to which audit could not authenticate the size of the units constructed. Since the cost of the 45<sup>47</sup> out of 50 units (for which assistance was provided) was far below the standard cost per unit mentioned in the guidelines, the possibility of sub-standard construction could not be ruled out. Scrutiny of the records maintained in East Siang District revealed that the dimensions prescribed in the guidelines for these facilities were not followed while sanctioning the assistance. As against the requirement of 200 sqm. per unit of Tubular Structure, only structures of 70 sqm. were created in 20 units.

During joint physical verification with the departmental staff, the size of the tubular structure was found to be hardly 100 sqm. as evident from the photographs given below:

			
TS-used for storing firewood at Borum (Papum Pare)	An un-used TS at Ngurlung (East Siang)	An un-used TS at Mebo village (East Siang)	TS under land preparation for plantation (L. Subansiri)

Also, three out of 10 tubular structures physically inspected were not functional as could be seen from the above sampled photographs indicating the expenditure of ₹5.49 lakh against the three structures was unfruitful. This implies that the units were given to the

<sup>45</sup> Central share = ₹87.76 lakh, State share = ₹9.75 lakh

<sup>46</sup> 50 per cent of ₹82.47 lakh – State share of ₹8.25

<sup>47</sup> ₹82.27 lakh for 45 units (13,500 sqm.) @₹609.41 per sqm. Standard cost per sqm. is ₹1,290

beneficiary lacking interest in protected cultivation and without awareness training. Also, this indicates lack of monitoring by Departmental Officers after assistances were provided to the beneficiaries.

**(ii) Naturally ventilated wooden structure:** During the period covered in the review, assistance of ₹33.15 lakh for 52.50 units to cover an area of 10,500 sqm. in four sampled districts was sanctioned. It was noticed that in all these units 100 per cent (₹33.15 lakh) cost of the units was given as assistance instead of restricting it to 50 per cent as per guidelines resulting in excess expenditure of ₹13.26 lakh<sup>48</sup>. Thus, failure of the DHOs of the three sampled districts to restrict the assistance within the permissible limit resulted in excess expenditure to the same extent.

There was no mention of the dimensions of the units constructed on the bills (nor in any other records) due to which audit could not authenticate the size of the units constructed. Since the cost of these units (for which assistance was provided) was far below the standard cost per unit mentioned in the guidelines, the possibility of sub-standard construction could not be ruled out.

During joint physical verification of six structures, audit observed that the constructed naturally ventilated wooden structure would be hardly 100 sqm. and in two cases, there was no wooden structure at site. Sample photograph of the wooden structures are shown below:



The construction of wooden structure smaller than the specified size is attributable to construction of the units out of the subsidy amount without beneficiary contribution. In respect of the two units with no wooden structure, the beneficiaries stated that the wooden structure was constructed but after one year the said wooden structure was dismantled and new vegetables were cultivated in open. This implies that the units were given to the beneficiary lacking interest in protected cultivation and without awareness training.

<sup>48</sup> 50 per cent of ₹33.15 lakh – State Share of ₹3.31 lakh

**(iii) Plastic Mulching:** A total of ₹33.49 lakh was sanctioned for 182 units of Plastic Mulching in the four sampled districts. The assistance was not restricted to 50 per cent of the unit cost as stipulated in the guidelines, and the entire cost (₹33.49 lakh) was provided as assistance in violation of guidelines resulting in extra expenditure of ₹13.40 lakh<sup>49</sup>. Further except in East Siang District the dimensions of the units were not recorded. In East Siang against the requirement of 52 Ha of Plastic Mulching, only 7.74 Ha was covered due to non-contribution of beneficiary share. Four units against the maximum of two units per beneficiary were found provided in Lower Subansiri District.

The Department stated (October 2021) that they always ensure that the structures are constructed according to the specifications. However, the subsequent maintenance of the structures depends on the beneficiaries for which the Department cannot be held responsible.

The reply of the Department is not acceptable as the dimensions of the structures wherever found recorded were less than the requirement prescribed by the guidelines. The non-functionality of the structures for protected cultivation indicated lack of monitoring by the Department after assistances were provided to beneficiaries.

**Recommendation:** *The State Government may take action after fixing responsibility against concerned DHOs.*

#### 3.2.9.6 Organic farming/ Vermicompost

MIDH Guidelines (Paragraph 7.30) stipulated that for organic cultivation, assistance will be provided for 50 per cent of cost limited to ₹10,000/ Ha for a maximum area of four Ha/ beneficiary, spread over a period of three years for adoption of organic farming. Financial assistance for establishing vermicompost units of permanent structures (Unit cost- ₹one lakh) @ 50 per cent of cost subject to a maximum of ₹50,000/ beneficiary for a unit having size of 30' x 8' x 2.5' were to be provided.

For declaring a farm as organic farm, three years' continuous certification was essential, which implies that assistance provided for the purpose of organic farming shall be for three years. It was noticed that, SHM incurred expenditure of ₹39.60 lakh in 2017-18 for adoption of organic farming-1<sup>st</sup> year and ₹29.70 lakh for Organic Certification-1<sup>st</sup> year. In the 2<sup>nd</sup> and 3<sup>rd</sup> year, ₹66.00 lakh and ₹77.00 lakh were earmarked in the AAPs for organic farming and organic certification respectively. However, the State Government has not earmarked any amount for organic farming and organic certification out of ₹20.00 crore and ₹12.50 crore received from GoI in 2018-19 and 2019-20 respectively in contravention of the scheme guidelines. This resulted in wasteful expenditure of ₹69.30 lakh on assistance for certification and farming in the first year.

Scrutiny of records revealed that an amount of ₹56.50 lakh was sanctioned and incurred against 113 vermicompost units in the four sampled Districts during the period covered by Audit. Audit observed that the Department had provided assistance under the intervention without ensuring the land holding capacity of the beneficiaries. Further,

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<sup>49</sup> 50 per cent of ₹33.49 lakh – State share of ₹3.35 lakh

in 55 out of 113 units, the 100 per cent (₹27.50 lakh) cost of the units was given as assistance instead of restricting it to 50 per cent as per guidelines resulting in excess expenditure of ₹11.00 lakh<sup>50</sup>.

Five units were shown constructed at the cost of ₹2.50 lakh through a contractor in Upper Siang District and the Department furnished the beneficiary list for whom these units were constructed. But during interaction by audit with one beneficiary, it was stated that no vermicompost unit was constructed. Hence, an amount of ₹0.50 lakh was paid to the contractor without actual construction of vermicompost unit.

It was also noticed that neither the Department nor the beneficiaries nor the contractor procured any earthworms for vermicompost units. During site verification of some units, it was observed that six constructed vermicompost units were non-functional as could be seen from the photo below:

		
A non-functional vermicompost unit in Chiputa Village, Papum Pare	A dilapidated vermicompost unit in Ngrulung village, East Siang.	A vermicompost unit used for seedling production of Areca-nut in Mirem Village, East Siang.
		
A dilapidated vermicompost unit in Gosang village, Upper Siang	A non-functional vermicompost unit in Gosang Village, Upper Siang	A non-functional vermicompost unit in Siro Village, Lower Subansiri

This indicates that the Departmental Officers did not monitor the schemes after assistances were provided to the beneficiaries due to which the cultivation of horticulture crops could not be changed into organic farming.

The Department stated (October 2021) that all efforts were made to follow the guidelines. The process of organic certification could not be continued in the subsequent years for want of funds.

The reply of the Department is not acceptable as the State Government received ₹20.00 crore and ₹12.50 crore from GoI in 2018-19 and 2019-20 respectively but no fund was earmarked for organic farming and certification. This indicated that funds were not allocated on priority basis.

<sup>50</sup> 50 per cent of ₹27.50 lakh – State share of ₹2.75 lakh

### 3.2.9.7 Beekeeping

Paragraph 7.41 of MIDH guidelines envisage that in order to maximize agricultural production, honey-bee can be used as an important input. Assistance will be available for activities on development of nucleus stock of honey bees, bee breeding, distribution of honey hives and bee keeping equipment. As per guidelines, 60 per cent of expenditure was to be realised from beneficiaries.

A total amount of ₹52.94 lakh was sanctioned for establishment of 4,052 units of bee hives in the State out of which an amount of ₹16.40 lakh was for three out of four sampled districts as detailed in **Table 3.19**.

**Table 3.19: Details of Beehives proposed and sanctioned**

(₹ in lakh)

Name of the District	Proposal as per AAP		Sanctioned	
	Unit	Amount	Unit	Amount
Papum Pare	900	72	1,400	10.08
East Siang	0	0	105	1.20
Lower Subansiri	0	0	655	5.12
<b>Total</b>	<b>900</b>	<b>72</b>	<b>2,160</b>	<b>16.40</b>

Source: Departmental records

It could be seen from the above that a total amount of ₹16.40 lakh was incurred against 2,160 units of bee hives for pollination support through bee-keeping. However, 760 units were sanctioned at the cost of ₹6.32 lakh in East Siang and Lower Subansiri District without any proposal. Excess of 500 units were not sanctioned against the proposal of 900 units in Papum Pare District. Thus, the intervention was not sanctioned in consonance with the requirement of the districts.

During physical verification of two units each in the three districts, it was found that the bee-hives were not functional and were in dilapidated condition and no bee hives were found in the boxes. The beneficiaries admitted that just after receiving honey bee-hives, the queen and bees of their boxes fled away. They did not receive any production from the hives. Moreover, no training was found imparted on bee keeping to the beneficiaries. This indicates the failure of the Department to make the intervention as an important input by providing training to the beneficiaries and through proper monitoring.

Photographs of un-used bee hives are given below:





The Department stated (October 2021) that they have conducted training for beneficiaries but the trainings were generic in nature. However, in future efforts will be made to conduct profession specific trainings.

Thus, due to providing assistance under bee keeping to beneficiaries without the knowledge of apiculture and without imparting effective training, the beehives became non-functional without any production.

### 3.2.9.8 Activities under Post Harvest Management

Under Post Harvest Management (Paragraph 7.46 of MIDH guidelines), activities such as Cold Storage, Mushroom shed, spice production unit under credit linked back end subsidy could be taken up. As per norms/ order of GoI, credit linked back ended subsidy is to be released by SHM in two instalments. First instalment is to be released on completion of the civil works, installation of plant and machinery and receipt of satisfactory Joint Inspection Team (JIT) report. Second instalment is to be released after the project comes into commercial operation and receipt of satisfactory JIT report. The implementing agencies will ensure completion of project within the stipulated time not exceeding eighteen months from the date of sanction of project under MIDH.

The State Horticulture Mission had released a total amount of ₹111.75 lakh<sup>51</sup> to the bank in March 2019 on behalf of three beneficiaries for construction of Cold Storage, Mushroom Shed and Spice production unit under credit linked back ended subsidy. The amounts were released on the strength of DPR and bank loan documents submitted by the beneficiaries without conducting any joint inspection and without any evidence of completion of civil works and installation of plant and machinery. Commercial operation of the two<sup>52</sup> projects where entire subsidy was released was also not ascertained by the Department before release of Government assistance.

A joint physical verification of the two units which were in the sampled districts were conducted. On physical inspection of the cold storage at Ziro by audit team in April 2021, the civil works were not fully completed and no plant and machinery were found installed as can be seen from the photographs below:

<sup>51</sup> ₹90.00 lakh for Cold Storage at Ziro, ₹8.00 lakh for Mushroom Shed at Sille (Pasighat), ₹13.75 lakh for Spice Production Unit at Namsai

<sup>52</sup> Mushroom Shed at Sille and Spice production Unit at Namsai



Thus, the release of ₹90.00 lakh by SHM as first instalment against the cold storage without completion of civil works and installation of plant and machinery was in violation of the extant norms.

Further, as per the DPR of the cold storage, the capacity of one cold storage was only 160 MT. As per MIDH guidelines, the cost of 160 MT cold storage is ₹16.00 lakh of which government assistance shall be ₹8.00 lakh (50 per cent of ₹16.00 lakh). However, the Department had paid an amount of ₹90.00 lakh resulting in excess assistance of ₹82.00 lakh.

During joint verification of the mushroom sheds at Sille in Pasighat in February 2021, it was noticed that the construction of the unit was completed but was found unused for the purpose for which it was constructed and had remained idle. Photographic evidence of unused units are shown below:



Thus, release of ₹eight lakh in March 2019 against mushroom shed without ascertaining the commercial operation of the project was in disregard of GoI order.

Moreover, the Department had not created market facilities nor market linkage road due to which the beneficiaries faced difficulties in transporting and selling their products as discussed in **Paragraph 3.2.12**.

The Department further stated (October 2021) that in case of Credit linked back end subsidy, the beneficiaries take loan from the banks and after that the Department pays the assistance amount directly to the bank.

The reply of the Department is not acceptable as the amounts were released to bank without ensuring the completion of the civil works, installation of plant and machinery and commercial operation of the projects in contravention to Government order.

**Recommendation:** *The State Government may look into the matter and necessary action may be taken after fixing responsibilities.*

### 3.2.9.9 Special intervention

Scrutiny of records in the four sampled districts revealed that an amount of ₹30.00 lakh was sanctioned in three out of four sampled districts (East Siang: ₹five lakh, Upper Siang: ₹five lakh, Lower Subansiri: ₹20.00 lakh) for procurement of Plastic Crates for onward distribution to farmers (50 *per cent* subsidy) and public sector establishment (free of cost). But there was no record of demand of the intervention to SHM by these districts.

In East Siang and Upper Siang Districts, each DHO procured 642 nos. of plastic crates @ ₹778.80 per crates without inviting tender or quotation and incurred ₹five lakh each in October 2019. All the plastic crates were shown distributed to farmers without collecting beneficiary contribution. Thus, excess assistance of ₹2.50 lakh was provided to the beneficiaries in each district in violation of the sanction order.

It may be mentioned here that the State Government had sanctioned ₹three lakh for procurement of 1,000 plastic crates @ ₹600/ piece in February 2019 under RKVY as discussed under **Paragraph 3.2.8.21**. Due to sanctioning and implementation of the intervention under special interventions (MIDH), the same intervention under RKVY was not implemented till March 2021 resulting in blockade of Government money to the tune of ₹three lakh for more than two years.

In Lower Subansiri, the DHO, Ziro procured 2,500 nos. of plastic crates @ ₹800/ crate without inviting tender or quotation and incurred ₹20.00 lakh in August 2019. The Department distributed only 272 nos. of plastic crates (15 crates to a Government nursery and 257 nos. of crates to 14 farmers). The beneficiary contribution from the farmers was not collected. The 2,228 nos. of plastic crates worth ₹17.82 lakh have remained in stock since August 2019 as shown in the photo aside.



Plastic Crates in Store, DHO, Ziro.

The Department stated (October 2021) that the crates will be distributed to beneficiaries or allotted to needy districts.

Therefore, the above indicates that the expenditure on procurement was made by the districts without assessing the requirement.

### 3.2.9.10 Horti Marketing

A total amount of ₹305.00 lakh was incurred against the implementation of Horti Marketing in the State during 2015-16 to 2019-20 under State Schemes without even formulating the guidelines. No records or even UCs were available. Among the sampled Districts, only in East Siang this intervention was implemented at a cost of ₹15.00 lakh. The amount was spent on procurement of plastic crates (5,928) in July 2018 and 2,408 crates (₹6.02 lakh) were lying in stock without distribution to the beneficiaries till the date of audit (February 2021). It may be mentioned here that under special interventions (MIDH), 642 nos. of plastic crates were procured at the cost of ₹five lakh

in October 2019 and were distributed to beneficiaries. This indicates that requirement of plastic crates were demanded under two schemes which resulted in non-distribution of the same under Horti Marketing.

The Department accepted (October 2021) that there were no formal guidelines. The Department further stated that the undistributed crates will be distributed to the beneficiaries or allotted to needy districts.

The reply of the Department indicates that the intervention was provided to the district without assessing the requirement.

### **3.2.9.11 Geographical Indication registration**

State Government sanctioned (March 2018) an amount of ₹50.00 lakh to the Horticulture Department for Geographical Indication (GI) registration of eight products of Arunachal Pradesh to protect the future trade interest of the farmers of the State. The fund was drawn (March 2018) from the treasury and deposited in YES Bank in May 2018. The entire fund including interest was again transferred to Canara Bank between February 2020 and November 2020<sup>53</sup>.

As per the approved guidelines, the project was to be executed by Delhi based North East Foundation, with expertise in GI registration. A Memorandum of Understanding (MoU) was required to be signed with the State Government after being duly vetted by the Law Department, Arunachal Pradesh. However, no MoU was signed as of October 2021 and hence, no GI registration has been made against the eight products till October 2021.

The Department accepted (October 2021) the fact and conveyed that the project would be commenced once MoU is signed.

Thus, due to non-execution of MoU even after a lapse of more than two years seven months since the sanctioned date (March 2018), the future trade interest of the farmers of the State against eight products remained unprotected.

### **3.2.9.12 Centre of Excellence**

MIDH guidelines (Paragraph 7.32) provide that Centres of Excellence (CoE) may be established for different horticultural products which will serve as demonstration and training centres as well as source of planting material and vegetable seedlings under protected cultivation.

The Government of India sanctioned a total amount of ₹15.00 crore in May 2012 (₹five crore) and June 2013 (₹10.00 crore) for establishing CoEs at Jairampur, Salari and Jomlo. The works of establishment of the three CoEs were awarded to North Eastern Regional Agricultural Marketing Corporation Ltd. (NERAMAC) at ₹15.00 crore without inviting any NIT.

As per GFR 159 (1) of 2005, advance payments to State or Central Government Agency or a Public Sector Undertaking should not exceed 40 *per cent* of the contract value. While making advance payment, adequate safeguards in the form of Bank Guarantee (BG) *etc.* shall be obtained from the firm. The Department signed MoU with the firm

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<sup>53</sup> 17 February 2020: ₹25.00 lakh and ₹22.81 lakh; 17 November 2020: ₹9.13 lakh

between March 2013 and December 2013 for establishment of CoEs with a stipulation to complete the work within six months. The Department made advance payment of ₹13.50 crore (90 per cent of contract amount) to the firm after signing of agreement resulting in excess advance payment of ₹7.50 crore. Even BG or any other security was not obtained to protect the interests of the Government.

Audit observed that the firm has not submitted any bills though stated to have completed the work between March 2015 and March 2016 after a delay of 09 to 21 months reportedly due to law and order problem. No adjustment of the advance payment was made nor was the balance amount released till date of audit (July 2021). The State Government constituted a committee for inspection of the projects in November 2016 but the committee submitted its report only in February 2018. The committee highlighted that some components (Conference cum Training Hall, Tissue Culture Lab, Installation of Generator) were not executed while some others (Insect Proof Net House, Fencing, Internal Road etc.) were poorly executed and incomplete. The committee recommended that the firm should rectify the deficiencies and complete the work within three months. However, no action was found taken by the firm, no taking and handing over was effected and the three CoEs have been lying incomplete/non-functional and idle though an amount of ₹13.50 crore was already incurred. Thus, the projects were not completed even after a delay of more than six years from the stipulated date of completion.

As per MoU, penalty at a rate of ₹10,000/ week of delay in construction was leviable, but no such penalty amounting to ₹104.30 lakh was imposed. No efforts were made to recover the advance payment or penalty from the firm.

In absence of CoEs in the State, the farmers were cultivating horticulture crops in the State through traditional method with the inherited knowledge and therefore, necessary modern technology and innovations were still denied to farmers of the State.

The Department stated (October 2021) that they have taken up the matter with the concerned company NERAMAC (GoI Enterprise) and several meetings have been held. But the response of NERAMAC has not been encouraging.

The fact, however, remains that due to non-functioning of CoE, the objective of establishing the CoEs to serve as demonstration and training centres as well as source of planting material and vegetable seedlings under protected cultivation could not be achieved even after incurring an expenditure of ₹13.50 crore and lapse of more than six years.

***Recommendation: The State Government may look into the matter and necessary action may be taken after fixing responsibilities.***

### **3.2.10 Development of skills of the local youth/ farmers**

#### **3.2.10.1 Training**

MIDH guidelines (Paragraphs 7.33 & 7.38) envisages that training of farmers, entrepreneurs, field level workers and officers for adoption of high yielding varieties

of crops and farming system *etc.* be imparted. The course will be of six months for gardener and three months for entrepreneur.

The details of various trainings to be imparted to the beneficiaries/ farmers as per approved AAP and sanction orders (SOs) during 2015-16 to 2019-20 are shown in **Table 3.20**.

**Table 3.20: Details of training imparted**

(in No.)				
Type of training	Target as per approved AAP	No. of participant to be trained as per SO	Shortfall	Percentage of shortfall
Training of farmers	13,100	3,300	9,800	75
HRD for supervisor/ gardener/ entrepreneur	200	0	200	100

Source: Departmental records

Further, it was noticed that during 2015-20, a total of ₹162.46 lakh was sanctioned/ allotted to SHM for training of farmers, exposure visit, training of technical person outside India *etc.* However, SHM could incur only ₹41.29 lakh (25.42 *per cent*) for covering only 2,337 participants leaving an unspent balance of ₹121.17 lakh in the account of Managing Director, APSFAC. Despite availability of funds, there was huge shortfall in trainings indicating under utilisation of fund.

### 3.2.10.2 Awareness activities

MIDH guidelines {Paragraph 4.8 (h)} stipulates that State level agency will organise workshops, seminars and training programme for all interest groups/ associations at state level, with the help of State Agricultural Universities (SAUs), Indian Council of Agricultural Research (ICAR) Institutes, Krishi Vigyan Kendras (KVKs) and other institutions having technical expertise. A sum of ₹125.80 lakh was sanctioned/ allotted to SHM during 2015-20 for organising seminars, workshops, Kishan Melas *etc.* and SHM could utilise only 26.20 lakh (20.83 *per cent*) leaving an unspent balance of ₹99.60 lakh in the account of Managing Director, APSFAC. SHM could not produce any vouchers, photographs in support of expenditure incurred, nor was there any evidence of undertaking any awareness programme.

### 3.2.10.3 No training under various schemes

Audit observed that trainings were not conducted under various schemes as discussed below:

- Under NEC, it was observed that in one project NEC had approved ₹3.62 lakh for training of farmers @ ₹5,000/ Ha for a total of 72.46 Ha. But no training was conducted. The amount was shown as incurred for cultivating more area.
- In PMKSY, though the Scheme guidelines provided for training of farmers, entrepreneurs, field level workers, officers, micro irrigation technician and farm pond lining technician and trainers' training, no fund was proposed or sanctioned for it. Therefore, no training was conducted under the Scheme.
- Similarly, in one State Scheme's guidelines (LC Drier), provision for training and capacity building was provided but no amount was sanctioned against it and no trainings were found conducted.

During beneficiary survey of 320 farmers, 49 *per cent* of the farmers stated that they received training from the Department and out of that only 51 *per cent* farmers were satisfied with the training.

The Department stated that due to Covid, the training and awareness activities could not be conducted during the last two years. However, in future awareness activities will be conducted as required.

The reply of the Department was not acceptable since lockdown due to Covid pandemic was imposed only from 22 March 2020 in the State. Thus, SHM neither utilised the fund for training and awareness activities nor allocated the same to districts resulting in shortfall of conducting such activities during 2015-20. This indicates that SHM did not prioritise training and awareness activity for development and enhancement of skills of the local youths/ farmers. As a result, some farmers were found lacking interest in horticulture crops as discussed in the foregoing paragraphs.

### 3.2.11 Monitoring and Evaluation

Monitoring and evaluation together provide the necessary data to guide strategic planning, to design and implement the programmes and projects, and to allocate and re-allocate resources in better ways. The deficiencies noticed in monitoring during audit are as under:

- As per guidelines of MIDH (Paragraph 8.8), term end evaluation will be conducted at the end of the XII Plan (2012-17). Concurrent evaluation by suitable agencies, Monitoring Missions through TSG were to be conducted. States also conduct evaluation studies on project basis under State level TSG component. Audit observed that no evaluation on implementation of MIDH has been conducted in the State till the date of Audit (November 2020). Due to lack of monitoring, *inter alia* payment of ₹90.00 lakh was made against the cold storage in Ziro without ensuring completion of civil works and the mushroom shed in Pasighat was not commercially operationalised despite incurring expenditure of ₹eight lakh. Three out of 10 tubular structures physically inspected were not functional indicating lack of monitoring after assistance was provided to the beneficiaries.
- As per NEC guidelines (Paragraph 24.3) the State Governments should constitute Department wise monitoring committees to oversee implementation of NEC projects. The head of the NEC cell in Planning Department should invariably be a member of such committee. These Department-wise monitoring committees may review the progress of implementation on quarterly basis. Audit observed that no such monitoring committee was formed under the administrative head of the Department of Horticulture in the State. In absence of monitoring committee, the implementation of the projects were devoid of monitoring resulting in delays in completion of projects wherein 11 projects were closed by NEC for such delays.
- Under RKVY (Paragraph 12.3), at least 25 *per cent* of the projects sanctioned each year shall have to be compulsorily taken up for third party monitoring and evaluation. However, no monitoring and evaluation was carried out during the entire five-year period (2015-20). Due to absence of such monitoring and evaluation, two vermicompost units were constructed in place of four units in Papum Pare District and vegetables were found sown in the two units. Plastic

crates were also distributed to beneficiaries after a delay of more than two years in Upper Siang District.

- Under various State Schemes, constitution of State level and District level Monitoring committee, appointment of project technical supervisor and team leaders were required as per concerned scheme's guidelines. Audit observed that no State level monitoring committee was constituted in the State and District level monitoring committee was also not constituted in most of the sampled Districts. In Districts where DLMC was constituted, apart from scrutinising DAP and selection of beneficiary and suppliers by the committee, evidence of any monitoring and impact assessment made by the committee on the implementation of the scheme was not on record. Neither project technical supervisor nor team leaders were appointed in the four sampled Districts. Government nurseries were poorly maintained with low survival rate of saplings indicating lack of monitoring by the concerned DHOs and other horticulture officers.

Thus, the mechanism for monitoring and evaluation studies of the activities in the Department as per guidelines of the concerned schemes remained largely inactive. Inadequate monitoring could be partially attributed to poor results in Horticulture schemes.

The Department accepted (October 2021) the audit observation.

### 3.2.12 Impact assessment

During the review period, a total area of 4,671 Ha was expanded under MIDH despite which the total area under horticulture crops in the State has declined from 0.86 lakh Ha in 2015-16 to 0.63 lakh Ha in 2018-19 and the production has also declined from 3.75 lakh MT to 1.72 lakh MT respectively. The decline was attributable to inadequate planning, delayed/ short release of fund, non-functioning of CoEs, procurement of planting materials from non-accredited nurseries, shortfall in rejuvenation/ replacing of senile plantations, lack of training and awareness activities and lack of monitoring.

During beneficiary survey of 320 farmers consisting of 133 females and 187 males across the selected districts of the State during January to April 2021, only 48 *per cent* of them had irrigation facilities while the remaining 52 *per cent* farmers were dependent on seasonal rain water for cultivation. Also, 51 *per cent* farmers stated that they were bound to carry horticulture produce to markets, which were 01 to 85 km. distance by head load, due to non-availability of road for mechanical transportation. Most of the farmers highlighted that they were facing problems of maintenance assistance, irrigation facilities, marketing facilities *etc.* The farmers were still dependent on government assistance to sustain their farming profession.

### 3.2.13 Conclusion

The implementation of various interventions under different horticulture schemes was not effective due to improper planning the State could utilise only 3.50 *per cent* (0.63 lakh Ha) of potential land available (18 lakh Ha) for horticulture activities during the period 2015-16 to 2018-19<sup>54</sup>. Moreover, delayed release of funds, lack of technical support,

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<sup>54</sup> Due to Covid, the Department could not update the data for area under cultivation, production and productivity after 2018-19

defective procurement, poor nurseries, lack of beneficiary contribution, improper storage facilities, poor marketing, lack of research, lack of training and awareness, and poor monitoring. Majority projects taken up under NEC had to be closed due to delayed implementation depriving the beneficiaries of the avowed benefits. The floriculture has become nil and no effort was made to revive it. The productivity of various horticulture crops have been declining.

### 3.2.14 Recommendations

The State Government may-

1. take appropriate steps to prepare the holistic Strategic/ Perspective Plan after consulting with the stipulated agencies and conducting base line survey to provide the roadmap for long term horticulture development in the State.
2. take necessary steps to prepare District-wise Annual Action Plans and it may also be ensured that the State level AAP is prepared by consolidating those district level plans. Further, it may also be ensured that AAPs flow from the Strategic/ Perspective Plan.
3. ensure to release the funds within the stipulated timeframe to the implementing districts for effective implementation of the projects/ schemes.
4. contribute the share of the beneficiary wherever beneficiary contribution is dispensed with.
5. take steps to revamp and upgrade the non-functional vermicompost, greenhouse etc. to make the nurseries more efficient.
6. ensure completion and commercial operation of post-harvest management initiatives like establishment of cold storage facility and processing units where assistance has been extended.
7. strive to develop skills of farmers and local youth through capacity building to create employment opportunities.
8. strengthen the monitoring mechanisms followed by evaluation study to ensure optimum outcome from the implemented projects/ schemes.

### Compliance Audit Paragraphs

#### Rural Works Department

### 3.3 Fraudulent payment

*The Project Director, DRDA, Aalo, West Siang District, incurred fraudulent payment of ₹94.41 lakh on procurement and carriage of Corrugated Galvanised Iron Sheets weighing 130.07 MT in 'Passenger Auto rickshaw' and a 'Motor cab' from procurement point to office store in Aalo much beyond payload capacity of these vehicles. Besides, doubtful expenditure of ₹3.32 crore was incurred as transactions detail was not reflected in suppliers' tax turn over.*

Rule 26(iv) of General Financial Rules (GFR) 2017 stipulates that the Controlling Officer, in respect of funds placed at the disposal, is to ensure that an adequate control mechanism is in place in the Department for prevention, detection of errors and

irregularities in financial proceedings of the subordinate offices and to guard against waste/ loss of public money.

Rural Development Department (RDD), GoAP procured and distributed Corrugated Galvanised Iron (CGI) Sheets to the beneficiaries with the approval (March 2009) of the Ministry of Rural Development, GoI as special dispensation. District Rural Development Agency (DRDA) under the RDD, GoAP issued CGI sheets to Indira Awas Yojana (IAY) beneficiaries for construction of houses. The value of the material distributed was equivalent to the assistance eligible for the beneficiary under the scheme.

The Project Director (PD), DRDA, Aalo, West Siang District, incurred ₹3.32 crore on procurements of 450.44 MT<sup>55</sup> CGI Sheets under IAY and Pradhan Mantri Awas Yojana<sup>56</sup> (PMAY) during 2015-16 to 2017-18. The CGI Sheets were procured from four<sup>57</sup> Suppliers @ ₹73,171.64 per MT and ₹72,200.81 per MT for specification of 0.50 mm and 0.63 mm thickness respectively. The supply orders<sup>58</sup> were issued by the PD, DRDA at the rate approved by the Director, RDD. However, the basis of selection of firms was neither available on record nor produced to audit. Year-wise details of procurement of CGI Sheets are shown in **Table 3.21**.

**Table 3.21: Details of year-wise procurement of CGI Sheets**

(₹ in lakh)

Name of Scheme	Year	Specification of CGI Sheet	Quantity (in MT)	Expenditure Incurred
IAY	2015-16	0.50 mm	60.09	45.77
	2016-17	0.50 mm	108.35	82.53
PMAY	2017-18	0.63 mm	282.00	203.61
<b>Total</b>			<b>450.44</b>	<b>331.91</b>

Source: Departmental records

Audit scrutiny (January 2020) of records of PD, DRDA, Aalo revealed that 27 vehicles were shown to have been engaged by suppliers for carrying 442.02 MT amounting to ₹3.26 crore, out of total quantity of 450.44 MT. The vehicles were engaged for carrying CGI Sheets from the procurement point<sup>59</sup> to office store in Aalo, for a distance of 300 kms. However, details of vehicles for transportation for the remaining 8.42 MT costing ₹6.20 lakh, were not provided in the Suppliers' invoice.

Cross examination of data/ information available in the website<sup>60</sup> of the Ministry of Road Transport & Highways, GoI revealed that 12 out of 27 vehicles purportedly used in transportation of the materials were registered as Goods Carriers/ Trucks, while registration details of 13 vehicles were not available and two vehicles (bearing Registration No: AS-01AC-0696 and AS-07AC-5418) were registered as 'Three Wheeler Passenger Auto rickshaw' and 'Motor cab' respectively as detailed in **Table 3.22**.

<sup>55</sup> One Metirc Tonne = 1,000 kg.

<sup>56</sup> IAY was subsumed by the Pradhan Mantri Awaas Yojana from 01 April 2017

<sup>57</sup> (i) M/s B.B. Steel & Corporation, Aalo; (ii) Arunachal Sales Corporation, Changlang; (iii) M/s J.J.K. Enterprises, Aalo and (iv) M/s M.S. Enterprises, Aalo

<sup>58</sup> October 2015, November 2015, June 2016, March 2017 and August 2017

<sup>59</sup> Banderdewa, Assam

<sup>60</sup> [www.vahan.nic.in](http://www.vahan.nic.in)

Table 3.22: Details of Transportation of CGI Sheets

Sl. No.	No. of vehicles	Type	Quantity carried (in MT)	Remark
1.	12 vehicles	Goods carrier	224.93	Vehicles registered as Goods Carriers/ Trucks
2.	13 vehicles	Data not available	125.93	Vehicle details not available
3.	02 vehicles	Three Wheeler Auto rickshaw and Motor cab	91.16 <sup>61</sup>	Vehicle AS-01-AC-0696 was registered as Three-Wheeler Passenger Auto Rickshaw and AS-07-AC-5418 was registered as Motor Cab
<b>Total</b>			<b>442.02</b>	--

Source: Departmental records and the website of the Ministry ([www.vahan.nic.in](http://www.vahan.nic.in))

It can be seen from the above that two vehicles registered as ‘Three Wheeler Auto rickshaw’ and ‘Motor cab’ supposedly transported total quantity of 91.16 MT of CGI Sheets amounting to ₹66.32 lakh procured from two Suppliers.

As per the suppliers’ invoice, ‘Three-Wheeler Passenger Auto rickshaw’ was used for carrying 13 MT of CGI Sheets in one trip while the ‘Motor cab’ was used for transportation of 78.16 MT in five trips by carrying 12.16 to 20.24 MT in each trip. However, Audit observed that the maximum pay load capacity of the Three-Wheeler Passenger Auto rickshaw and Motor cab was 619 and 715 kgs. respectively. The maximum pay load capacity of the vehicles are much lesser than weight of the material shown to have been carried in each trip for a distance of 300 kms. It was further noticed that one of the vehicles, namely, ‘Motor cab’ was registered in March 2018, but transportation of the material was shown to have been made prior to its registration, i.e., December 2017 which raises further doubt regarding transportation of the CGI Sheets by the Supplier.

Audit also observed that one supplier<sup>62</sup> supplied 38.91 MT of CGI Sheets valued at ₹28.09 lakh to four Blocks under the PD in December 2017, by engaging three vehicles bearing registration numbers AS-07-AG-5523, AS-07-CH-3801 and AS07-DC-1853. However, the District Transport Officer, Lakhimpur, Assam, confirmed that the registration number series of the three vehicles had not started till date (June 2020).

Thus, it can be surmised that the records were fabricated and fraudulently paid an amount of ₹94.41 lakh<sup>63</sup> against procurement and transportation of 130.07 MT<sup>64</sup> of CGI Sheets. Moreover, First Information Report (FIR) may be lodged for fraudulent payment for procurement and carriage of CGI Sheets through Passenger Auto rickshaw/ Motor cab.

In reply (August 2020) the Department stated that total quantity of 450.44 MT of CGI Sheets supplied by the four Suppliers were received in full and issued to concerned Blocks, which was recorded in the Stock/ Issue Registers. Hence, there was no question of lapses/ discrepancies in procurement and distribution of CGI Sheets under the Schemes. The Department also stated that the material was transported along with other loads to recover the truck fare. The Store-in-Charge just acknowledged the *Kutchha Challans*, and Bills in printed memo were submitted much later at the end of March for

<sup>61</sup> (i) M/s Arunachal Sales Corporation, Changlang – 13.00 MT (by Three-Wheeler Passenger Auto rickshaw) and (ii) M/s M.S. Enterprises, Aalo - 78.16 MT (by Motor cab)

<sup>62</sup> M/s M.S. Enterprises, Aalo

<sup>63</sup> ₹66.32 lakh + ₹28.09 lakh

<sup>64</sup> 91.16 MT + 38.91 MT of CGI Sheets

clearance, when the Department seldom had time for proper/ thorough checking. Thus, there were only clerical errors committed inadvertently by the Suppliers.

The reply of the Department does not justify factual discrepancies in transportation of 91.16 MT of CGI Sheets by engaging *Passenger Auto rickshaw* and *Motor cab* with pay load capacities of only 619 and 715 kgs. respectively, but shown to have transported CGI Sheets weighing 12.16 MT to 20.24 MT per trip for 300 km. and engagement of the Motor Cab bearing Registration No. AS-07AC-5418 for transport of material in December 2017, before the registration of this vehicle (March 2018). Besides, no explanation was offered for fabrication of Registration Numbers of three vehicles and doubtful expenditure of ₹28.09 lakh against procurement and transportation of 38.91 MT of CGI Sheets.

Audit cross verified suppliers' return with Tax & Excise Department, GoAP. The suppliers were liable to pay tax and furnish return within 28 days from the end of the tax period in accordance to APGT Rule 2005. The total taxes on procurement of 450.44 MT CGI Sheet were ₹34.98 lakh as detailed in **Appendix 3.7**. It was observed that three out of four suppliers' did not disclose any transactions in their turnover<sup>65</sup> and filed nil return as shown in **Table 3.23**.

**Table 3.23: Details of CGI Sheet procured and amount paid to suppliers**

Sl. No.	Name of supplier	Quantity (in MT)	Bill Amount	Period of procurement	Remark
1.	M/s BB Steel & Corporation, Aalo	60.09	45.77	2015-16	The supplier was not registered during procurement period.
2.	M/s JJK Enterprises, Aalo	66.00	50.27	2016-17	The supplier filed nil return for the period.
3.	M/s MS Enterprises, Aalo	282.00	203.61	2017-18	Nil outward supply reflected in GSTR 3B
4.	M/s Arunachal Sales corporation, Changalng	42.35	32.26	2016-17	NA
<b>Total</b>		<b>450.44</b>	<b>331.91</b>	--	--

Source: Departmental records and information furnished by the Tax & Excise Department

It could be seen from above that the said transactions were not reflected in suppliers' return. As the suppliers' did not disclose any transactions and furnished nil returns, expenditure of ₹3.32 crore incurred by the Department on procurement of CGI sheets was deemed doubtful and mis-utilisation of government money could not be ruled out.

The Department could not furnish any suitable reply for nil transaction details submitted by firms for the above mentioned tax period *i.e.* 2015-16 to 2017-18.

The matter was reported to the State Government in January 2021. The reply is awaited as of April 2022.

**Recommendation:** *The State Government may further investigate the case and appropriate action may be taken against concerned persons after fixing responsibility. The State Government may also lodge FIR for fraudulent payment.*

<sup>65</sup> Rule 36 (1) & (2) of the Arunachal Pradesh Goods Tax (APGT) Rules 2005 stipulates that, every dealer liable to pay tax and shall furnish a return in form FF-01 for each tax period within 28 days from the end of the tax period.

## PUBLIC WORKS DEPARTMENT

### 3.4 Doubtful Expenditure

***The Executive Engineer (E.E.) PWD, Yomcha Division claimed to have incurred an expenditure of ₹1.22 crore on execution of maintenance works with inconsistencies in names of contractors in Work Orders, Measurement Books (MBs) and Abstract of MBs which indicated fabrication of records and lack of authenticity in measurement of works.***

Rule 136 of General Financial Rules (GFR) 2017 stipulates that no work shall be commenced or liability incurred in connection with it until administrative approval and expenditure sanction of funds have been provided and Work Orders have been issued. Rule 58 of GFR 2017 states that to maintain proper control over expenditure, controlling officer shall obtain liability statement from the spending authorities every month.

Paragraph 7.2 of CPWD Works Manual, 2012, stipulates that the Measurement Book is the basis of all accounts of works done by Contractors and it should be so written that transactions are readily traceable. These Books should be considered as very important accounts records and maintained very carefully and accurately, as these may have to be produced as evidence in a Court of Law, if and when required. Paragraph 7.5 also provides that each set of measurements in a Measurement Book should indicate, among other details, the name of the Contractor/ suppliers.

The Executive Engineer (EE), PWD, Yomcha Division incurred (March 2019) ₹4.95 crore on 'Immediate Repair and Maintenance of various Road & Bridges, including Liabilities'. The EE issued 39 Work Orders<sup>66</sup> (October 2018) amounting to ₹1.22 crore to M/s L.K. Enterprises and M/s Siang Earth Movers & Machineries for execution of an item of work 'Clearance of landslide in soil and ordinary rock by Bulldozer D-50'. It was observed that the two Contractors executed the works from May 2011 to April 2015, *i.e.*, three to six years prior to issue of Work Orders, in violation of the extant Rules. The works were stated to be executed prior to issue of Work Orders due to the urgent nature of works. The EE paid (March 2019) ₹1.22 crore to the Contractors against the work.

Audit observed that execution of works, for which ₹1.22 crore was paid to M/s L.K. Enterprises (₹0.98 crore) and M/s Siang Earth Movers & Machineries (₹0.24 crore), was doubtful<sup>67</sup> due to the following facts:

- As per recorded entries in Measurement Books, the works were executed by two different Contractors, *viz.*, CAS Construction and M/s Global Enterprises, from May 2011 to May 2012 and March 2015 to April 2015 respectively.
- Measurements of works were made during the period of execution, *i.e.*, May 2011 to April 2015, while the Abstract of measurements was prepared only in October 2018, along with the issue of work orders, three to six years later.

<sup>66</sup> To avoid obtaining sanction from the higher authority beyond the EE's delegation of financial powers' of ₹eight lakh for execution of Minor Works as per the CPWD Works Manual, 2014

<sup>67</sup> Mention was made in Paragraph 3.10 of AR 2018-19 on objectionable trend of settlement of bills in PW Divisions on purported past liabilities on items of emergency nature

- Bills for ₹1.22 crore were paid to M/s L. K. Enterprises and M/s Siang Earth Movers & Machinerics against the total value of work of ₹1.22 crore shown to have been executed by CAS Construction and M/s Global Enterprise.
- Cross-check of transaction records such as Cash Book and Cheque counter foils also revealed that payments for execution of the works were made to M/s L. K. Enterprises and M/s Siang Earth Movers & Machinerics, despite the works shown as executed by CAS Construction and M/s Global Enterprise.
- The Department failed to issue work order for more than three years after execution of work. The Department had also not initiated any action to clear the liabilities in subsequent months. Neither any liability statements were sent to controlling authorities *i.e.* Chief Engineer by the division nor controlling officer had asked for the same from division.

From the above facts, Audit inferred that the works were not actually executed, but the EE fabricated issue of belated<sup>68</sup> Work Orders and Abstracts of MBs (detailed in **Appendix 3.8**). Thus, the possibility of fraudulent payment and misappropriation of Government funds cannot be ruled out. Moreover, the EE issued work orders to local unregistered contractors keeping value of each work order within his financial power in order to avoid the necessity of obtaining the sanction of higher authority.

The Department accepted the facts and stated that proceeding to the work and creating liability without ensuring availability of fund was irregular. The site engineer recorded the names differently in the MBs due to anomalies in the names of agencies in different documents.

The matter was reported to the State Government in January 2021. The reply is awaited as of April 2022

**Recommendation:** *The State Government may take appropriate action after fixing responsibility against concerned Executive Engineer/ Sub Divisional Officer/Junior Engineer. Since the modus operandi was creating liabilities without ensuring availability of fund, the Department needs to strengthen internal controls and monitoring over execution of work.*

### 3.5 Loss of Government money

***The Executive Engineer, PWD, Gensi Division failed to levy and collect departmental charges on construction work undertaken on behalf of NHPC Ltd., resulting in loss of Government money to the tune of ₹2.05 crore***

Paragraph 12.1 of the CPWD Works Manual 2010 states that departmental charges are to be levied whenever a Division undertakes work from other Government/ non Government bodies. For works over ₹five crore, executed on behalf of central commercial concerns, non-Government bodies or individuals, departmental charges<sup>69</sup> were leviable @ seven *per cent* of the Project Cost.

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<sup>68</sup> Three to six years after execution of work

<sup>69</sup> Departmental charges is the revenue of the Department

The Executive Engineer (EE) PWD, Gensi- Division undertook two Relief & Rehabilitation works as deposit work, namely, Work-I - 'Rehabilitation & Resettlement Project against Project affected families in Tahrap and Sibe-Rijo', valued at ₹29.23 crore and Work-II - 'Improvement/ Construction of Road from Taramori to Tango Village (24.14 km)', valued at ₹13.89 crore, on behalf of the National Hydroelectric Power Corporation Limited (NHPC Ltd.)<sup>70</sup> in October 2010 and March 2012 respectively. The Relief & Rehabilitation works were undertaken as part of a Corporate-Social Responsibility (CSR)<sup>71</sup> against construction of Lower Subansiri Hydro Electric Project, executed by NHPC in Gerukamukh.

Work-I - 'Rehabilitation & Resettlement Project' against Project affected families in Tahrap and Sibe-Rijo', valued at ₹29.23 crore, included the following three items as detailed in **Table 3.24**.

**Table 3.24: Details of work executed**

(₹ in lakh)		
Sl. No.	Name of Project	Estimated Cost
1.	C/o Approach Road from Tango to Sibe-Rijo (9.695 km.)	1,787.63
2.	Approach Road from Sibe to Tahrap (7.02 km.)	805.06
3.	C/o Different Amenities in Rehabilitation Sites	330.50
<b>Total</b>		<b>2,923.19</b>

Source: Departmental records

Execution of items of Work-I commenced from October 2010 and the Division incurred expenditure of ₹28.62 crore (March 2017). No further expenditure on the balance amount of ₹61.00 lakh was incurred on Work-I as of March 2020.

Further, scrutiny (January 2020) revealed that while the Division levied and collected ₹90.88 lakh @ seven *per cent* as Departmental Charges against Work-II - 'Improvement/ Construction of Road from Taramori to Tango village (24.14 km)' on the actual Project Cost of ₹12.98 crore. However, Audit observed that the EE failed to levy and collect Departmental Charges of ₹2.05 crore<sup>72</sup> from NHPC against Work-I 'Rehabilitation & Resettlement Project against Project affected families in Tahrap and Sibe-Rijo', costing ₹29.23 crore, despite that both works were of similar nature and executed on behalf of same client (NHPC). No reason for not levying Departmental Charges was on record.

The Division submitted (June 2015) revised Estimates with the provision of seven *per cent* departmental charges against Work-I by stating the reason as escalation of cost of labour and material. Thus, it was clear that the Department erred in the first instance by not levying Departmental Charges for Work-I. However, the revised estimates were yet to be approved till date of Audit (January 2020).

The Department accepted (August 2021) audit fact and assured that necessary follow up would be done to recover Departmental Charges of ₹2.05 crore as pointed out by Audit.

<sup>70</sup> NHPC Limited is an Indian Hydropower Generation Company, categorised as a Mini Ratna Category I PSU

<sup>71</sup> CSR, is the concept that a business has a responsibility to do good

<sup>72</sup> (₹29.23 crore x 7 *per cent*)

The matter was reported to the State Government in January 2021. The reply is awaited as of April 2022.

**Recommendation: The Department may expedite recovery of Departmental Charges from client Department.**

### 3.6 Undue Financial Benefit to Contractors

**The Executive Engineer, PWD, Pasighat Division executed work at higher rates instead of rates applicable at the time of execution of the works, which resulted in extending undue financial benefit of ₹1.04 crore to contractors.**

Rule 136 of General Financial Rules, 2017 stipulates that no work shall be commenced or liability incurred in connection with it until administrative approval and expenditure sanction of funds have been provided, technical estimate approved and Work Orders have been issued. On grounds of urgency, the concerned executive officer may do so on his own judgement and responsibility. Simultaneously, the officer should initiate action to obtain approval from the competent authority and also to intimate the concerned Accounts Officer. Further Rule 58 of GFR 2017 states that to maintain proper control over expenditure, controlling officer shall obtain liability statement from the spending authorities every month.

The Government of Arunachal Pradesh allotted (March 2019) an amount of ₹five crore to the Executive Engineer, PWD, Pasighat Division, for the work 'Immediate Repair and Maintenance of various Roads and Bridges, including Clearance of Liabilities accumulated under Pasighat Division'. The Superintending Engineer, PWD, Boleng Circle, accorded Technical Sanction of ₹five crore for the work in March 2019. It was stated in the Work Estimate that due to insufficient provision of fund under Maintenance Head, liabilities were incurred on repair and maintenance of existing roads every year.

Scrutiny (October 2019) of records of the Executive Engineer, PWD, Pasighat Division revealed that the Division executed the work from August 2017 to February 2019 prior to allotment of fund and Technical sanction in March 2019 through six Contractors by issuing 105 Work Orders, without calling for tenders as detailed in **Table 3.25**.

**Table 3.25: Work Order issued to contractors**

Sl. No	Name of contractor	No of work order issued	Amount (in lakh)
1.	M/s Eastern Engineers and Fabricators	10	50.00
2.	M/s Eram Trade Centre	10	50.00
3.	M/s P.G. Enterprises, Pasighat	22	101.82
4.	M/s Legong Enterprise	20	100.00
5.	M/s KMD Enterprises, Pasighat	23	98.18
6.	M/s K.Y. Enterprises, Pasighat	20	99.90
<b>Total</b>		<b>105</b>	<b>499.90</b>

Source: Departmental records

However, Work Orders were issued only in February 2019, i.e., after execution of the work. The entire allotted amount of ₹five crore was spent in March 2019 on execution

of nine items of work. Two items<sup>73</sup> were executed, based on Arunachal Pradesh Schedule of Rates (APSoR), while seven items were executed at rates prepared by the Division without specifying any reason. APSoR for roads and bridges is prepared after collecting basic rates from all PWD Divisions/ Circles and considering existing market rates. Besides PWD, this is also used by a number of Departments, Public Sector Undertakings, etc. in Arunachal Pradesh.

The Division incurred ₹1.80 crore on an item of work - 'Maintenance of Earthen Shoulder (filling with fresh soil)' - executed from September 2017 to January 2019 through three contractors. As per Estimate, the item of work was stated to be executed at rates prepared by the Division. In April 2016, the Division fixed the rate of the item at ₹70 per sqm., which was revised to ₹90 per sqm. in February 2019. The rates prepared by the Division for this item were also similar to APSoR of the corresponding period.

The Division executed 1,88,325 sqm. of earthwork<sup>74</sup> through two contractors<sup>75</sup> from September 2017 to December 2017 by adopting the 2019 revised rate of ₹90 per sqm., as detailed in **Table 3.26**.

**Table 3.26: Details of work executed by three firms**

(Amount in ₹)

Sl. No.	Name of Contractor	Quantity (in Sqm.)	Rate/ Sqm.	Amount (in ₹)	Date of Commencement	Date of Completion
1	2	3	4	5=3X4	6	7
1.	M/s KMD Enterprises, Pasighat	94,125	90	84,71,250	14.09.2017	22.12.2017
2.	M/s P.G. Enterprises, Pasighat	94,200	90	84,78,000	14.09.2017	27.12.2017
3.	M/s Legong Enterprises	15,000	70	10,50,000	12.08.2018	08.01.2019
<b>Total</b>		<b>2,03,325</b>	<b>--</b>	<b>1,79,99,250</b>	<b>--</b>	

Source: Departmental records

There was no basis for adopting the higher rate of ₹90 per sqm., for the work executed in 2017, as the rate of ₹70 per sqm. was applicable. Thus, the correct rate of ₹ 70 per sqm. was applicable with resulting execution cost of only ₹1.42 crore (₹70/- x 2,03,325 sqm.) instead of ₹1.80 crore. Application of higher rate for execution of the item resulted in extra expenditure of ₹37.66 lakh (₹179.99 lakh – ₹142.33 lakh).

The Division also incurred expenditure of ₹1.03 crore on execution of two works, namely, (i) *Construction of Sub-grade and Earthen Shoulder* and (ii) *Construction of Embankment*. The works were executed through two contractors (M/s K.Y. Enterprises and M/s Legong Enterprises) from April 2018 to February 2019 at local rates prepared by the Division, instead of APSoR 2018<sup>76</sup>, which was applicable during the period of execution.

<sup>73</sup> Clearing and grubbing road land @ ₹6.40/- per sqm. and Maintenance of earthen shoulder @ ₹70 per cum

<sup>74</sup> Total earthwork of 2,03,325 sqm. (1,88,325 sqm. + 15,000 sqm.)

<sup>75</sup> M/s KMD Enterprise and M/s P.G. Enterprises

<sup>76</sup> Applicable with effect from 30 March 2018

Audit observed that rates adopted by the Division for execution of these two works were much higher than existing rates, *i.e.* rates incorporated in the APSoR 2018. Adoption of higher rates led to extra expenditure of ₹66.02 lakh in execution of the two works, as indicated in **Table 3.27**.

**Table 3.27: Execution of work over APSoR**

(Amount in ₹)

Sl. No.	Item of Work	Unit	Quantity (in sqm.)	Execution Rate/ sqm.	Rate (as per APSoR 2018)	Excess Rate	Excess Expenditure
1.	Construction of Sub Grade and Earthen Shoulders	cum	12,281.76	760	278	482	59,19,808.32
2.	Construction of Embankment		1,379.18	725	230	495	6,82,694.10
<b>Total</b>							<b>66,02,502.42</b>

Source: Departmental records

The Division did not have any recorded reason for not adopting APSoR 2018, which was applicable for the Department at the time of execution of the work. Execution of work without inviting tenders at rates as high as 173 to 215 *per cent* over APSoR, did not appear to be justified.

Thus, the Division extended undue financial benefit of ₹1.04 crore<sup>77</sup> to contractors by adopting rates higher than the existing rates for execution of the 03 works.

In reply (January 2020), the Department, while accepting the Audit Observation, stated that different rates of ₹70 per sqm. and ₹90 per sqm. were adopted under Bilat SubDivision and Mebo Sub-Division respectively, for the same item of work - *Maintenance of Earthen Shoulder (filling with fresh soil)* - due to lead of cartage of materials of the works. The average lead for transportation of fresh material for Bilat Sub-Division was only three km. whereas it was 12.5 km. in respect of Mebo SubDivision.

The reply of the Department is not acceptable since the claim of lead of 12.50 km. for transportation of material, is not supported by any document. This fact was neither mentioned in the approved estimate nor in any Measurement Books of the work.

The matter was reported to the State Government in January 2021. The reply is awaited as of April 2022.

**Recommendation:** *Government may take appropriate action after fixing responsibility against concerned persons. The Government may also strengthen internal control under the Department to ensure economy and transparency in execution of work.*

<sup>77</sup> For execution of (i) 'Maintenance of Earthen Shoulder (filling with fresh soil)' – ₹37.66 lakh; (ii) 'Construction of Sub-grade and Earthen Shoulder' and (iii) 'Construction of Embankment' – ₹66.02 lakh

### 3.7 Excess payment to contractor

***The Executive Engineer, PWD, Basar, floated Tenders deviating from the Technically Sanctioned estimate and awarded excavation of soil/ rock by mechanical means at the rate of excavation by manual means (higher rate), resulting in undue benefit to the Contractor - ₹43.27 lakh.***

Paragraph 3.2.24 of Rural Infrastructure Development Fund (RIDF)<sup>78</sup> Manual envisages that the time frame for Technical Sanction (TS) and tendering should be within three and six months respectively. Moreover, the execution of work should commence within twelve months from the date of sanction of project.

Further, Section 15.1 of CPWD Works Manual, 2014 stipulates that before inviting tenders for a work, a detailed estimate showing the quantities, rates and amounts of the various items of work should be prepared. Section 15.3 also stipulates that tender documents of work should be prepared, checked and approved by an authority who is empowered to approve the Notice Inviting Tenders (NIT) before it is issued.

National Bank for Agriculture and Rural Development (NABARD) under RIDF XXI sanctioned one Project 'Construction of Road from Deke PMGSY road to Essi Lite' for ₹10.00 crore in December 2015. The fund was released between March 2015 and September 2019<sup>79</sup>. The project was Village Road (VR) with an objective to provide all weather connectivity from Deke Degam PMGSY road to Essi Lite village. The proposed road would also provide connectivity between Essi Lite village and nearby Basar Town. Details of scope of work and abstract of cost (prepared as per the CPWD Manual and the rates were as per the APSoR 2014<sup>80</sup>) are shown in **Table 3.28**.

**Table 3.28: Scope of work and abstract of cost**

Sl. No.	Items	Quantity	Amount (in ₹)
1.	Road widening (in km.)	4.97	2.69
2.	Pavement:		
	a. WBM-I (in km.)	4.97	0.89
	b. WBM-II (in km.)	4.97	0.68
	c. WBM-III (in km.)	5.97	0.69
3.	Black topping (in km.)	4.97	0.87
4.	Protection work:		
	a. Retaining Wall (in mtr.)	431.00	0.88
	b. Breast Wall (in mtr.)	465.00	0.96
5.	CC Drain (in km.)	4.97	0.60
6.	Cross Drainage work:		
	a. Slab culvert 1.00 mtr. Span (in no.)	15.00	0.71
	b. Slab culvert 2.00 mtr. Span (in no.)	10.00	0.74
<b>Total (1 to 6)</b>			<b>9.71</b>
<b>Add: Contingency Charges (Three per cent)</b>			<b>0.29</b>
<b>Grand Total</b>			<b>10.00</b>

Source: Departmental records

<sup>78</sup> Established as a dedicated Fund for rural infrastructure in National Bank for Agriculture and Rural Development (NABARD) in 1995-96

<sup>79</sup> Central Share: 1<sup>st</sup> and 2<sup>nd</sup> instalment- ₹6.00 crore (March 2015); 3<sup>rd</sup> instalment - ₹1.98 crore (July 2018) and 4<sup>th</sup> instalment- ₹1.02 crore (September 2019) State Share: 1<sup>st</sup> instalment- ₹0.89 crore (July 2018) and 2<sup>nd</sup> instalment- ₹0.11 crore (September 2019)

<sup>80</sup> Applicable with effect from 18 September 2014

The target date of approval of TS and NIT was March 2016 and July 2016 respectively. However, the TS was accorded by the Chief Engineer (CE), PWD, Central Zone 'A', Itanagar, for ₹9.61<sup>81</sup> crore in December 2016 with a delay of nine months and the NIT in February 2017 was also delayed by seven months, in contravention of RIDF manual. The project was scheduled to be completed by March 2018. Thus, delay in TS and NIT contributed to delay in completion of the project by more than one year and six months after the scheduled date of completion.

In response of NIT, three bidders<sup>82</sup> submitted tender proposal. Out of the three bidders, the bid opening committee disqualified two firms<sup>83</sup> and the work was awarded (March 2017) to Itanagar based firm, the lowest bidder<sup>84</sup> at ₹9.60 crore. The work commenced in March 2017. Though, the work was completed within the approved cost of ₹9.60 crore, however, the extension of time was not obtained either from NABARD or the CE, PWD in contravention of the CPWD Manual<sup>85</sup>.

Scrutiny (September 2019) of the records of the Executive Engineer (EE), PWD, Basar Division, revealed that out of estimated amount of ₹10.00 crore, ₹2.59 crore was earmarked for road widening work. The details are shown in **Table 3.29**.

**Table 3.29: Details of road widening work**

(Amount in ₹)				
Sl. No.	Items	Quantity	Rate	Amount
1.	Excavation in hilly areas in soil by manual means (in Cum)	32,065.95	159	50,98,486.05
2.	Excavation in hilly areas in ordinary rock by manual means (in Cum)	59,795.82	349	2,08,68,741.18
<b>Total</b>				<b>2,59,67,227.23</b>

Source: Departmental records

Audit observed that -

- The method of excavation from approved manual means to mechanical means was changed in the estimate of the tender document, without changing the rate. The rate of excavation in soil by mechanical means was ₹155 per cum and rate for excavation in ordinary rock was ₹225 per cum as per applicable APSoR, 2014, whereas rate kept in the estimate was ₹159 per cum and ₹349 per cum respectively which is as per manual means without endorsing any reasons. This resulted in adoption of 26.62 *per cent* higher rate over the APSoR (including Cost Index), as the estimates were not correctly adopted in the NIT and tender document.
- The work was executed as per the estimates and the contractor was paid ₹2.58 crore<sup>86</sup> in first Running Account (RA) Bill on March 2017 including the higher amount adopted by the CE/ EE. The details of higher rates leading to excess expenditure are shown in **Table 3.30**.

<sup>81</sup> Difference between the Estimate and TS of ₹.10 crore was in road widening

<sup>82</sup> M/s Barapani Enterprises, M/s NP Construction and M/s KT Enterprises

<sup>83</sup> M/s Barapani Enterprises, Itanagar (due to non-submission of EMD) and M/s KT Enterprises (being second lowest bidder)

<sup>84</sup> M/s NP Construction

<sup>85</sup> Section 29.3 of CPWD works Manual 2014

<sup>86</sup> Ordinary soil 32,065.95 cum x ₹158 + Ordinary rock 59,795.82 cum x ₹348

Table 3.30: Excess expenditure incurred

(Amount in ₹)

Item	Rate as per APSoR 2014	Rate inclusive of Cost Index (22.5 per cent)	Rate adopted by Division in tender	Contract Rate	Difference	Quantity executed (In Cum)	Excess expenditure
1	2	3	4	5	6=5-3	7	8=6x7
Excavation in hilly areas in ordinary rock by mechanical means	225.00	275.63	349.00	348.00	72.37	59,795.82	43,27,423.49

Source: Departmental records

It could be seen from above that due to adoption of enhanced rate in tender document, the work was awarded to contractor at higher rate which in turn resulted in an extra expenditure of ₹43.27 lakh.

The State Government stated (August 2021) that mode of execution of work was changed from manual means to mechanical means in tender document without modifying rate. It was also intimated that the mode of execution was changed without changing quantity of work. Moreover, the work was completed within original scope of work and sanctioned amount.

The reply of the State Government was not acceptable, because if Department had adopted the correct rate, the work could be completed with lesser amount of ₹43.27 lakh. Due to adoption of the higher rate, the Department extended an undue favour to the contractor.

**Recommendations:** *The State Government may take appropriate action after fixing responsibility against concerned person. The State Government may also take steps to recover the excess amount from the contractor.*

### 3.8 Avoidable extra expenditure

***The Executive Engineer (EE), PWD Chayangtajo division incurred an avoidable extra expenditure of ₹65.72 lakh in a project 'Construction of Outdoor Stadium at Chayangtajo in East Kameng District, Arunachal Pradesh' due to award of the work to the highest (L2) bidder by fixing irregular justified rate.***

Paragraph 18.1 of Revised North Eastern Council (NEC) General Guidelines 2015 stipulates that fund released by NEC must be transferred to the implementing agencies by the State Government within 30 days from the date of release of fund along with the State's matching share. Further, as per Paragraph 18.4, the State Government may ensure that the implementing department/ executing agency shall invite tender on competitive basis by giving wide publicity in print media and website preferably through e-tendering and also ensure that the work is awarded within three months from the date of sanctioning of the project. The funding pattern of the scheme was 90:10 between the NEC and the state governments.

Rule 175 of General Financial Rules (GFR) 2005 stipulates that Department shall open the financial bids of only those bidders who have been declared as technically

qualified by the Evaluation Committee. Further Rule 165 states that contract should be awarded to the lowest evaluated bidder whose bid has been found to be responsive and who is eligible and qualified to perform the contract satisfactorily as per the terms and conditions incorporated in the corresponding bidding document.

NEC accorded (15 May 2015) Administrative Approval and expenditure sanction of ₹3.92 crore for construction of a project 'Construction of Outdoor Stadium at Chayangtajo in East Kameng District, Arunachal Pradesh'. The project was executed by the Public Works Department (PWD), Chayangtajo Division. The Technical Sanction of the project was accorded (22 March 2016) by the Superintending Engineer (SE), PWD, Sagalee Circle<sup>87</sup> for ₹3.81 crore. The schedule date of completion of project was three years from the date of the Administrative approval *i.e.* May 2018.

NEC released Central Share ₹3.53 crore<sup>88</sup> between May 2015 and October 2018. Audit, however, observed that the same was released by the State Government to the implementing agency/line department *i.e.* Chayangtajo Division between February 2016 and December 2018 *i.e.* after a delay ranging between 08 and 283 days in contravention of the scheme guidelines. Similarly, the State Government released the State Share<sup>89</sup> to the Chayangtajo Division with a delay ranging between 339 and 677 days. Details of delay in release of the Central and State share are depicted in **Appendix 3.9**.

The delay in release of CS and SS by State Government resulted into delay in completion of project.

The work was sanctioned by the NEC in May 2015. However, the Division issued Notice Inviting Tender (NIT) on 18 July 2016 *i.e.* with a delay of more than eleven months in contravention of the scheme guidelines. The work was awarded to Itanagar based firm<sup>90</sup> and agreement was signed in February 2017. As per completion report, the work was completed (January 2019) with an expenditure of ₹3.86 crore<sup>91</sup>. Thus, delay in release of fund by the State Government impacted on the finalisation of tender which in turn caused the delay in completion of works by eight months from the schedule date of completion.

Scrutiny (January 2020) of records of the Executive Engineer (EE), PWD, Chayangtajo Division revealed that three firms submitted tender documents. Details of bid submitted by the firms and evaluation against each firm are shown in **Table 3.31**.

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<sup>87</sup> PWD, Chayangtajo Division is under the jurisdiction of SE, Sagalee Circle

<sup>88</sup> ₹1.42 crore in May 2015, ₹1.42 crore in February 2018 and ₹0.70 crore in October 2018

<sup>89</sup> ₹0.13 crore in March 2017 and ₹0.39 crore in January 2019

<sup>90</sup> M/s Yana Enterprises

<sup>91</sup> VI and Final Running Accounts Bill

**Table 3.31: Details of firms participating in tender process**

Sl. No	Name of Firms	Bid value (₹ in crore)	Remarks
1.	M/s T.B Enterprises, Tezpur, Assam	NA	Tender was rejected by bid opening committee due to nonsubmission of bid security.
2.	M/s Hem Trading Agency, Itanagar, Arunachal Pradesh	3.20	Tender was rejected by bid opening committee, due to negative variation (15.19 per cent) over justified rate. However, the price quoted by the bidder was the lowest and fulfilled all the criteria.
3.	M/s Yana Enterprises, Itanagar, Arunachal Pradesh	3.86	The bidder was selected by the bid opening committee, due to positive variation (2.23 per cent) over justified rate. But, the bidder did not submit requisite qualifying documents viz. PAN card, Banker and Solvency certificate.

Source: Departmental records

It is evident from above table that the Bid Opening Committee<sup>92</sup> compared the bid value with justified rate (considering market rates of labour, materials, cartage *etc.*) merely to select the L2. However, since all these components were already considered during preparation of estimate<sup>93</sup>, thus, there was no reason to compare bid value again with justified rate. The rate of M/s Yana Enterprises was ₹65.72 lakh (₹386.00 lakh – ₹320.28 lakh) higher than M/s Hem trading Agency. This had resulted in not only extra avoidable expenditure of ₹65.72 lakh but also undue benefit to the contractor to that extent. Had the Department awarded the work to L1 bidder *i.e.* M/s Hem Trading Agency at his tender amount, the Division could have avoided extra expenditure of ₹65.72 lakh.

The Department in their reply (September 2020) stated that the work was awarded to M/s Yana Enterprises since rate quoted by firm was within ( $\pm$ )five per cent of the justified rate ₹3.78 crore as per clause 20.4.3.1 of CPWD Works Manual, 2014.

The reply of the Department could not be accepted as the base price (as mentioned under note 10C of clause 20.4.3.1 of CPWD works manual 2014) of all the material was already mentioned in the NIT.

The matter was reported to the State Government in May 2021. The reply is awaited as of April 2022.

**Recommendations:** *The State Government may take appropriate action to fix the responsibilities against the concerned person(s).*

<sup>92</sup> Comprising of SE, Sagalee Circle, EE (Planning) Sagalee Circle, EE and AE, PWD, Chayangtajo Division

<sup>93</sup> Estimate was prepared based on APSoR 2007 including 45 per cent cost index

## HYDRO-POWER DEVELOPMENT DEPARTMENT

### 3.9 Extra avoidable Expenditure

***Procurement of Electro-Mechanical (E&M) equipment for Payu SHP (2 x 500 KW) in Koloriang without setting up of Project Stores, or dovetailing completion of Approach Road up to work site, led to storage of equipment in an open yard for more than three years and resulted in avoidable expenditure of ₹2.99 crore on repair and maintenance and transportation of equipment.***

The project 'Construction of Payu Small Hydel Project (SHP) at Koloriang' was sanctioned for ₹11.00 crore under Prime Minister's Package for Illumination and Power Supply to remote villages located in the Indo-China border in 2007-08. The sanction cost consisted of civil works component (*Approach road, Intake chamber, feeder & power channel, penstock pipe, etc.*) ₹5.40 crore and Electro Mechanical (E&M) components ₹5.60 crore. The Technical Sanction (TS) of the work was neither available nor produced to audit. The E&M component of work was awarded (September 2010) to the firm M/s Biecco Lawrie Limited<sup>94</sup>, Kolkata at an agreement amount of ₹5.10 crore. As per agreement, the firm was responsible for supply, erection, testing and commissioning of the project. The stipulated date of completion of project was July 2011. However, the Project was commissioned in September 2018 after a delay of seven years from target date with total expenditure ₹8.30 crore. Audit scrutiny of records (September 2019) of the Executive Engineer, Electro-Mechanical (E&M), Ziro Division, revealed several deficiencies as discussed in the subsequent paragraphs.

#### (i) *Undue advantage to the firm*

- As per clause 2.11.1 of the agreement, the firm was required to submit 10 per cent of contract value as security deposit within 30 days of award of contract. However, division failed to obtain the 10 per cent security deposit amounting to ₹51.00 lakh from M/s Biecco Lawrie Limited and extended an undue advantage to the firm. Due to this, the recovery from the security deposit could not be effected.
- The Division paid Mobilisation Advance (MA) ₹127.50 lakh to the firm in November 2010. The Department recovered (March 2011 and March 2012) ₹58.17 lakh from the firm and balance amount of ₹ 69.33 lakh (₹127.50 lakh - ₹58.17 lakh) was adjusted against the supply bills. The firm had delivered equipment worth ₹3.58 crore between March 2011 and December 2012 against which firm was again paid ₹2.83 crore by department. Thus, total payment released to firm was ₹3.52 crore (₹2.83 crore + MA ₹69.33 lakh).

It was also noticed that the Department failed to include the clause of the interest @ 10 per cent (simple interest) on MA as stipulated in CPWD Works Manual<sup>95</sup>, hence, an amount of ₹17.46<sup>96</sup> lakh from the RA Bills was not deducted. Thus, the Department extended an undue advantage to the firm to that extent.

<sup>94</sup> Biecco Lawrie Limited is a government corporation under the ownership of Ministry of Petroleum and Natural Gas, GoI

<sup>95</sup> The Mobilisation advance limited to 10 per cent of tendered amount at 10 per cent simple interest can be sanctioned to the contractors on specific request as per term of the contract

<sup>96</sup> Interest for MA of ₹58.17 lakh: ₹58.17 lakh x 153/365 x 10/100 = ₹2.44 lakh  
Interest for MA of ₹69.33 lakh: ₹69.33 lakh x 791/365 x 10/100 = ₹15.02 lakh  
Total: ₹2.44 lakh + ₹15.02 lakh = ₹17.46 lakh

**Recommendation:** *The State Government may take appropriate steps against the concerned Chief Engineer/ Superintendent Engineer/ Executive Engineer for extending an undue advantage to the firm.*

**(ii) Non-completion of approach road**

The equipments were delivered at two different locations<sup>97</sup> instead of the Project site Payu in Kurung Kumey District due to non-completion of approach road to project site. The firm had requested (December 2011) the Department to provide suitable space/ shelter to store the equipment and take custody of materials. However, the Department neither provided space/ shelter nor took custody of equipment. As a result, the equipment were kept in open yard and left exposed for deterioration.

**Recommendation:** *The State Government may take appropriate steps against the concerned Executive Engineer for non-completion of the approach road in due time and non-provision of proper space/ shelter, which led to deterioration of equipment.*

**(iii) Extra avoidable expenditure**

The Department directed (November 2012 and January 2013) the firm to shift the equipment to work site as approach road has been completed. However, it was noticed that the approach road was constructed only in August 2014 and despite several reminders, the firm did not shift equipment to the project site. The contract was terminated by the Chief Engineer, Hydropower (WZ) in August 2013 due to inordinate delay in execution of work by the firm. Under prevailing circumstances and breach of contract, the Department engaged local contractors to shift equipment from Lakhimpur, Assam to project site between December 2014 and February 2015 by incurring ₹28.10 lakh as transportation cost after the completion of approach road in October 2014.

The equipment were reported to have been damaged due to dumping without proper cover leading to exposure to rain and water over a period of time. A Technical Committee was constituted (August 2015) for inspection of the equipment. Based on the recommendations of Technical Committee, the Department incurred an expenditure of ₹4.50 crore on procurement of E&M component and repair/ maintenance/ replacement work between October 2016 and July 2017 as shown in **Table 3.32**.

**Table 3.32: Details of additional expenditure incurred**

(₹ in crore)

Sl. No.	Name of supplier	Period of expenditure	Expenditure incurred		
			E&M component	Repair/ maintenance/ replacement	Total
1.	M/s Kundu Electric, Kolkata	October 2016 to May 2017	0.96	0.54	1.50
2.	M/s Pentaflor Hydro, Pvt. Ltd. New Delhi	March 2017	0.40	2.17	2.57
3.	M/s Rudra Enterprise, Tezpur	October 2016 to April 2017	0.43	0.00	0.43
<b>Total</b>		--	<b>1.79</b>	<b>2.71</b>	<b>4.50</b>

Source: Departmental records

<sup>97</sup> E&M Equipment valued at ₹2.75 crore was delivered in March 2011 and December 2012 in North Lakhimpur, Assam; ₹82.57 lakh was delivered in Tago Hydel Project in March 2012

It could be seen from above that the Department paid an additional amount of ₹4.50 crore to three Firms, out of which, ₹2.71 crore was incurred on repair and replacement of E&M equipment which was damaged due to Departments' negligence in providing proper store/ shelter for the expensive equipment as detailed in **Appendix 3.10**. The Project was finally commissioned in September 2018 after a delay of seven years from the target date (July 2011) of completion after spending ₹8.30 crore<sup>98</sup>.

Thus, procurement of E&M equipment without ensuring timely completion of approach road or availability of proper stores/ shelter resulted in extra avoidable expenditure of ₹2.99 crore *viz.* ₹2.71 crore on repair & maintenance of the equipment and ₹28.10 lakh additional transportation charge of equipment to work site. Moreover the Department extended undue advantage to the firm by not obtaining security deposit (₹51.00 lakh) and non-inclusion of the interest provision of MA in the Agreement.

In reply (June 2020), the Department stated that the contract agreement was on turnkey basis and accordingly supply, erection and commissioning of project lies with contractor. As per progress of approach road and undertaking submitted by contractor, the department allowed the commencement of work. The total ₹3.52 crore was paid to M/s Biecco Lawrie Limited, against supply of E&M equipment, as per terms & conditions of the contract. Whereas, expenditure incurred up to successful completion and commissioning of the Project was ₹1.94 crore, at risk and cost of M/s Biecco Lawrie Ltd. Hence, additional expenditure incurred was only ₹36.00 lakh,<sup>99</sup> which would be recovered from the Firm as and when idling assets of the Firm are put to productive use after meeting all liabilities, in accordance with extant GoI Guidelines.

The reply of the Department is factually incorrect as in addition to ₹3.52 crore paid to M/s Biecco Lawrie Limited, the Department incurred ₹28.10 lakh additional transportation charge of materials to work site and paid ₹4.50 crore to three Firms for repair, overhauling, replacement, erection, commission of project. Total of ₹8.30 crore was incurred on the Project against original agreement amount of ₹5.10 crore. Further, neither had the security deposit been obtained from the firm to facilitate any recovery nor did the Department approach the concerned Ministry of GoI controlling M/s Biecco Lawrie Limited, for recovery from the firm. Moreover, the Department did not state the reason for not ensuring completion of approach road in time despite the availability of fund, or a proper shelter for equipment leading to dumping of equipment in open yard for more than three years which resulted in damage and deterioration of equipment.

The matter was reported to the State Government in January 2021. The reply is awaited as of April 2022.

***Recommendation:*** *The State Government may take appropriate action after fixing responsibility against the concerned Chief Engineer/ Superintendent Engineer/ Executive Engineer for the extra avoidable expenditure due to non-completion of the approach road, extending undue favour to and non-recovery from the concerned firm.*

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<sup>98</sup> ₹3.52 crore (Payment to M/s Biecco Lawrie Limited) + ₹4.50 crore (Payment to 03 Firms) + ₹0.28 crore additional transportation cost of materials to project site

<sup>99</sup> (₹3.52 crore + ₹1.94 crore) - (₹5.10 crore)



**CHAPTER – IV**  
**GENERAL SECTOR**



## CHAPTER – IV: GENERAL SECTOR

### 4.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2020 deals with the findings of Audit of the State Government Departments/ units pertaining to the General Sector.

During 2019-20, total budget allocation of the State Government in the Departments under General Sector was ₹5,147.28 crore against which actual expenditure incurred was ₹3,986.71 crore. Department-wise details of Budget Allocations and Expenditure incurred are shown in **Table 4.1**.

**Table 4.1: Budget allocation and expenditure under General Sector**

(₹ in crore)

Sl. No.	Name of the Department	Budget			Expenditure			Expenditure (in per cent)
		Revenue	Capital	Total	Revenue	Capital	Total	
1.	District Administration	475.36	0.00	475.36	319.09	0.00	319.09	67.13
2.	Election	137.68	0.50	138.18	77.03	0.18	77.21	55.88
3.	Finance	1853.03	593.97	2447.00	1771.39	356.34	2127.73	86.95
4.	Gazetteer	1.20	0.00	1.20	1.18	0.00	1.18	98.17
5.	Secretariat Administration	258.57	400.00	658.57	176.76	0.00	176.76	26.84
6.	Governor Secretariat	8.90	0.00	8.90	7.25	0.00	7.25	81.45
7.	Home	950.80	112.35	1063.15	926.98	67.97	994.95	93.59
8.	Law & Justice	30.47	15.46	45.93	28.47	7.12	35.60	77.50
9.	Legislative Assembly	124.86	0.00	124.86	113.93	0.00	113.93	91.24
10.	Parliamentary Affairs	1.70	0.00	1.70	1.21	0.00	1.21	71.17
11.	Stationery and Printing	10.90	2.85	13.75	10.48	2.85	13.33	96.94
12.	Public Service Commission	13.21	0.00	13.21	12.00	0.00	12.00	90.83
13.	State Information Commission	3.46	0.00	3.46	2.83	0.00	2.83	81.55
14.	Land Management	103.71	3.60	107.31	69.15	1.92	71.07	66.23
15.	State Tax and Excise	26.07	2.19	28.26	23.32	0.00	23.32	82.51
16.	State Lotteries	2.04	0.00	2.04	1.57	0.00	1.57	76.86
17.	Administrative Training Institute	9.39	5.00	14.39	2.90	4.80	7.70	53.50
<b>Total</b>		<b>4011.36</b>	<b>1135.93</b>	<b>5147.28</b>	<b>3545.52</b>	<b>441.19</b>	<b>3986.71</b>	<b>77.45</b>

Source: Appropriation Accounts 2019-20

It could be seen from the above that:

- In General Sector, the expenditure incurred by the Departments ranged between 26.84 and 98.17 per cent of the allocations made during 2019-20.
- Five Departments have incurred more than 90 per cent of total budget allocation viz. Gazetteer (98.17 per cent), Stationery & Printing (96.94 per cent), Home (93.59 per cent), Legislative Assembly (91.24 per cent), and Public Service Commission (90.83 per cent).
- The Revenue expenditure in the sector was ₹3,545.52 crore (88.93 per cent) of total expenditure.
- The Capital expenditure in the sector was ₹441.19 crore, (11.07 per cent) of the total expenditure.

#### **4.1.1 Planning and Conduct of Audit**

Audit process starts with the assessment of risks faced by various Departments of the Government based on expenditure incurred, criticality/ complexity of activities, level of delegated financial powers and assessment of overall internal controls.

Audits was conducted in 25 units of six Departments involving expenditure of ₹2,302.71 crore (including expenditure of earlier years) under the General Sector during 2019-20.

After completion of audit of each unit, Inspection Reports containing audit findings were issued to the Heads of Departments for taking appropriate remedial measures on the audit findings. The Departments were requested to furnish replies to the audit findings within one month of the receipt of Inspection Reports. Wherever replies were received, audit findings were reviewed and either settled or further action for compliance was advised. Important audit observations arising out of the Inspection Reports were processed for inclusion in C&AG's Audit Report, which is submitted to the Governor of the State under Article 151 of the Constitution of India, for laying before the State Legislature.



**CHAPTER – V**  
**REVENUE SECTOR**



## CHAPTER – V: REVENUE SECTOR

### 5.1 Introduction

#### 5.1.1 Trend of Revenue Receipts

Tax and non-tax revenue raised by the Government of Arunachal Pradesh (GoAP) during 2019-20, the State share of net proceeds of divisible Union taxes and duties assigned to the State, Grants-in-Aid received from the Government of India (GoI) during the year and corresponding figures for the preceding four years are shown in **Table 5.1**.

**Table 5.1: Trend of Revenue Receipts**

		(₹ in crore)				
Sl. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Revenue raised by the State Government</b>						
1.	Tax revenue	535.07	708.75	815.57	1068.04	1228.73
	Non-Tax revenue	392.12	544.82	366.18	608.87	651.38
	<b>Total</b>	<b>927.19</b>	<b>1253.57</b>	<b>1181.75</b>	<b>1676.91</b>	<b>1880.11</b>
<b>Revenue Receipts from the GoI</b>						
2.	Share of net proceeds of divisible Union taxes and duties	7075.58	8388.30	9238.79	10436.14	8987.57
	Grants-in-Aid	2550.33	2137.70	3354.06	4082.91	4020.87
	<b>Total</b>	<b>9625.91</b>	<b>10526.00</b>	<b>12592.85</b>	<b>14519.05</b>	<b>13008.44</b>
3.	Total revenue receipts of the State Government (1 + 2)	10553.10	11779.57	13774.60	16195.96	14888.55
4.	<b>Percentage (1 w.r.t 3)</b>	<b>8.79</b>	<b>10.64</b>	<b>8.58</b>	<b>10.35</b>	<b>12.63</b>

Source: Finance Accounts of the respective years

The above Table reveals that during 2019-20, revenue raised by the State Government (₹1,880.11 crore) was 12.63 *per cent* of the total revenue receipts. The balance 87.34 *per cent* of the receipts during 2019-20 was from the GoI.

The total Revenue Receipts of the State Government declined by ₹1,307.41 crore (8.07 *per cent*) over the previous year. The decrease was mainly due to fall in the Share of net proceeds of divisible Union taxes and duties by ₹1,448.57 crore (13.88 *per cent*) and Grant-in-aid by ₹62.04 crore (1.52 *per cent*). The Tax and Non-Tax Revenue of State Government increased by ₹160.69 crore (15.05 *per cent*) and 42.51 crore (6.98 *per cent*) during the same period.

Details of Tax Revenue raised against Budget Estimate (BE) during 2015-16 to 2019-20 are shown in **Table 5.2**.

**Table 5.2: Details of Tax Revenue**

(₹ in crore)

Head of Revenue	2015-16		2016-17		2017-18		2018-19		2019-20		Percentage Increase (+)/ Decrease (-) in 2019-20 over 2018-19	
	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
Goods and Services Tax	-	-	-	-	0	223.73	382.08	601	4355.47	801.55	(+)1039.94	(+)33.37
Land Revenue	5.64	8.89	8.92	6.44	10.75	13.32	7.79	14.58	16.12	15.97	(+)106.93	(+)9.53
Stamp Duty	5.28	5.63	8.04	5.08	8.84	10.42	6.14	9.16	12.60	8.14	(+)105.21	(-)11.03
State Excise	66.7	86.33	130.63	109.05	150.00	122.61	130.96	136.73	208.36	144.97	(+)59.10	(+)6.03
Taxes on Sales, Trade, etc.	178.1	190.22	236.92	282.54	250.00	285.13	374.73	268.74	311.44	219.82	(-)16.89	(-)18.20
Motor vehicle Tax	18.14	19.3	22.82	24.47	23.35	31.40	29.59	32.43	38.00	38.12	(+)28.42	(+)17.55
Taxes on goods and passenger	233.78	224.7	263.31	281.17	300.00	128.96	0	5.40	-	0.16	-	(-)97.22
<b>Total</b>	<b>507.64</b>	<b>535.07</b>	<b>670.64</b>	<b>708.95</b>	<b>734.94</b>	<b>815.57</b>	<b>931.29</b>	<b>1068.04</b>	<b>5972.14</b>	<b>1228.73</b>	<b>(+)541.28</b>	<b>(+)14.99</b>

Source: Finance Accounts of the respective years and the Budget document of the respective years, GoAP

The increase of Tax revenue by ₹160.69 crore (15 per cent) in 2019-20 as compared to the previous year was mainly on account of increase in contribution of State Goods and Services Tax (SGST) by ₹200.55 crore, increase in Land Revenue by ₹1.39 crore, increase in State Excise by ₹8.24 crore and increase in Motor Vehicle Tax by ₹5.69 crore. However, the increase was offset by decrease in Taxes on Stamp duty by ₹1.02 crore, decrease in taxes on sales and trade by ₹48.92 crore and decrease in Taxes on goods and passengers by ₹5.24 crore.

Details of Non-Tax Revenue raised from 2015-16 to 2019-20 is shown in the following **Table 5.3**.

**Table 5.3: Details of Non-Tax Revenue**

(₹ in crore)

Head of Revenue	2015-16		2016-17		2017-18		2018-19		2019-20		Percentage Increase (+)/ Decrease (-) in 2019-20 over 2018-19	
	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
Power	184.17	117.04	226.66	259.61	250.00	133.41	340.50	287.08	442.37	247.95	(+)29.92	(-)13.63
Interest Receipts	31.61	39.11	36.98	56.39	47.32	46.98	92.26	88.01	118.84	62.49	(+)28.81	(-)29.00
Forestry & Wild Life	8.29	13.76	10.97	13.86	16.65	13.44	33.15	14.72	66.26	6.52	(+)99.88	(-)55.71
Public works	23.52	7.35	10.21	8.95	9.50	4.95	13.50	11.02	31.30	7.74	(+)131.85	(-)29.76
Miscellaneous General Services	0.04	54.39	30.48	21.67	65.81	12.75	94.63	12.49	37.26	12.78	(-)60.63	(+)2.32
Other Administrative Service	10.65	9.52	11.09	11.24	12.19	15.63	18.75	25.48	35.64	129.79	(+)90.08	(+)409.38
Police	1.30	9.34	18.32	64.36	10.00	5.12	16.10	3.62	14.86	4.27	(-)7.70	(+) 17.96
Medical & Public Health	0.81	0.61	0.77	0.80	0.84	0.78	1.02	25.42	5.23	21.23	(+)412.75	(-)16.48
Co-operation	0.67	0.58	1.12	0.40	1.23	1.21	1.49	0.83	5.80	0.71	(+)289.26	(-)14.46
Other Non-Tax Receipts	231.3	140.42	182.3	107.54	122.75	131.91	188.60	140.20	713.16	157.90	(+)278.13	(+)12.62
<b>Total</b>	<b>492.36</b>	<b>392.12</b>	<b>528.90</b>	<b>544.82</b>	<b>536.29</b>	<b>366.18</b>	<b>800.00</b>	<b>608.87</b>	<b>1470.72</b>	<b>651.38</b>	<b>(+) 83.84</b>	<b>(+) 6.98</b>

Source: Budget Document and Finance Accounts of respective years

During 2019-20, there was increase in collection of Non-tax revenue by ₹42.51 crore (seven per cent) over the previous year. The increase was mainly on account of increase in receipts under Other Administrative Services by ₹104.31 crore; Police by ₹0.65 crore and Other Non-Tax Receipts by ₹17.70 crore.

### 5.1.2 Analysis of arrears of revenue

The information regarding arrears of revenue as at the end of the year was called for from the Tax and Excise Department, but it was stated that the department did not have the consolidated details of the arrears of revenue for the entire state, and hence instructed all the district level officers to furnish the details. However, many district level officers could not furnish the details. The arrears of revenue as on 31 March 2020 in respect of the Tax and Excise Department, furnished by eight out of 26 Superintendents of Tax & Excise, amounted to ₹102.54 crore of which ₹58.28 crore was outstanding for more than five years, as detailed in the **Table 5.4**.

**Table 5.4: Details of outstanding revenue**

(₹ in crore)

Head of Revenue	Amount outstanding as on 01 April 2020	Collection of arrears of revenue during 2019-20	Total amount outstanding as on 31 March 2020	Amount outstanding for more than five years as on 31 March 2020
0040	58.26	0.08	102.35	58.25
0039	0.14	10.01	0.19	0.03
<b>Total</b>	<b>58.40</b>	<b>10.09</b>	<b>102.54</b>	<b>58.28</b>

Source: Data furnished by the State Government

The Department had intimated that notices had already been issued to the defaulter's dealers/ DDOs to deposit the outstanding revenue. The fact remains that recovery of ₹58.28 crore was pending for more than five years. Clearance of arrears of such magnitude requires focused efforts by all departments concerned and a push for coordination with other departments such as banks, police department and quasi-judicial/ judicial bodies involved in the process of recovery before expiry of the stating period.

### 5.1.3 Arrears in Assessments

Timely assessment is important for ensuring better tax compliance and increasing the collection efficiency. The details of the assessments made were called for from the department to assess whether there were any arrears in making the assessments. Even these details were not available for the entire state at the Commissionerate and hence, they instructed the district level authorities to furnish the details. However, many district level authorities could not furnish the details as required. The details of arrears in assessments pending at the beginning of the year, cases becoming due for assessments during the year, cases disposed of during the year and number of cases pending for assessment at the end of the year as furnished by 12 out of 26 Superintendents of Tax & Excise in respect of various taxation Acts are given in **Table 5.5**.

**Table 5.5: Details of arrear of assessments of revenue**

Head of Revenue	Opening Balance	New Cases due for assessment during 2019-20	Total assessments due	Cases disposed of during 2019-20		Balance at the end of the year
				Number	Percentage	
0040- Taxes on Sales, Trade etc.	1,112	410	1,522	23	1.51	1,499
0039- State Excise	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total</b>	<b>1,112</b>	<b>410</b>	<b>1,522</b>	<b>23</b>	<b>1.51</b>	<b>1,499</b>

Source: Data furnished by the State Government

As can be seen from the table above, the departmental officers could not even complete the assessment of the cases which got added during the current year, leading to addition to the arrears. Since the assessments have to be completed within the timeframe stipulated in the tax laws, delays in completing assessments is fraught with the risk of foregoing the revenue. The percentage of overall disposal compared to the cases due for assessment was only 1.51 *per cent* which resulted in increase of arrears of assessment. Pendency in assessment may result in non/ short-realisation of Government revenues and further accumulation in arrears of revenue.

#### 5.1.4 Evasion of tax detected by the Department

The details of cases of tax evasion detected by the Tax & Excise Department, cases finalised and the demands for additional tax raised as reported by the department are given in **Table 5.6**.

**Table 5.6: Details of evasion of Tax detected**

(₹ in crore)

Head of Revenue	Cases pending as on 01 April 2020	Cases detected during 2019-20	Total	Number of cases in which assessment completed	Number of cases pending for finalisation as on 31 March 2020
1	2	3	4=2+3	5	6=4-5
0040	87	16	103	22	81
0039	Nil	Nil	Nil	Nil	Nil
<b>Total</b>	<b>87</b>	<b>16</b>	<b>103</b>	<b>22</b>	<b>81</b>

Source: Data furnished by the State Government

The inability to complete the assessments in a timely manner, coupled with weak monitoring mechanism, contributed to cases of evasion *etc.* not getting detected during the year. During 2019-20, out of 103 cases, 22 cases were cleared leaving a pendency of 81 cases.

#### 5.1.5 Pendency of Refund Cases

The number of refund cases pending at the beginning of the year (2019-20), claims received during the year, refunds allowed during the year and cases pending at the close of the year (2019-20) have not been furnished by the Taxation Department (March 2022).

#### 5.1.6 Response of the Government/ Departments towards Audit

The Principal Accountant General, Arunachal Pradesh, conducts periodical inspection of Government Departments to test-check transactions and verify maintenance of important accounts and other records, as prescribed in the rules and procedures. These inspections are followed up with Inspection Reports (IRs) incorporating irregularities detected during inspections and not settled on the spot, which are issued to the Heads of Offices inspected, with copies to the next higher authorities for taking prompt corrective action. Heads of Offices are required to take appropriate actions on the audit observations contained in the IRs, and report compliance to the Principal Accountant General, Arunachal Pradesh within one month from the date of issue of IRs. Serious financial irregularities are reported to the Heads of Departments and the Government.

Inspection reports issued upto December 2020 disclosed that for Revenue Receipts 1,499 paragraphs involving ₹7,254.71 crore relating to 408 IRs remained outstanding

at the end of December 2020 along with the corresponding figures for the preceding two years. The details are shown in the **Table 5.7**.

**Table 5.7: Details of pending Inspection Reports**

	December 2018	December 2019	December 2020
Number of IR pending	382	397	408
Number of outstanding Audit Observations	1371	1445	1499
<b>Total amount involved (₹ in crore)</b>	<b>7194.30</b>	<b>7234.86</b>	<b>7254.71</b>

Department-wise details of the IRs and audit observations outstanding as on 31 December 2020 and amounts involved are shown in **Table 5.8**.

**Table 5.8: Department-wise details of IRs and Audit Observations**

(₹ in crore)

Sl. No.	Department	Nature of receipts	No of outstanding		Money value involved
			IRs	Audit Observations	
1.	Tax & Excise	Taxes on Sales, Trade etc.	180	731	1053.12
		State Excise			
2.	Land Management	Land Revenue	38	177	5656.95
3.	Transport	Taxes on Motor Vehicle	58	219	29.84
4.	State Lottery	Lottery	5	18	189.64
5.	Geology & Mining	Non-ferrous Mining & Metallurgical Industries	23	60	160.35
6.	Environment & Forest & Wild Life	Forestry & Wild Life	104	294	164.81
<b>Total</b>			<b>408</b>	<b>1499</b>	<b>7254.71</b>

Audit did not even receive first replies within one month from the date of issue of IRs from 24 Heads of Offices for 24 IRs issued during 2019-20. The large pendency of IRs due to the non-receipt of replies indicated that Heads of Offices and Departments did not initiate necessary actions to rectify the defects, omissions and irregularities pointed out in IRs.

**Recommendation:** *The Government may introduce an effective system for prompt and appropriate response to audit observations.*

### 5.1.7 Departmental Audit Committee Meetings

The Government set up Audit Committees to monitor and expedite the progress of settlement of IRs and Paragraphs in the IRs. However, no Departmental Audit Committee meeting for Revenue Sector was held during 2019-20. As can be seen from Para 5.1.6, there is large pendency of IRs. In view of this, the Government may ensure holding of regular Audit Committee meetings to expedite clearance and settlement of outstanding audit observations.

### 5.1.8 Response of Departments to Draft Audit Paragraphs

The Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller & Auditor General of India are forwarded by the Principal Accountant General, Arunachal Pradesh to the Principal Secretaries/ Secretaries of concerned Departments, drawing their attention to audit findings and requesting them to send responses within four weeks. The reply of Department/ Government is invariably incorporated in the respective paragraph.

### 5.1.9 Follow-up on Audit Reports

The internal working system of the Public Accounts Committee (PAC), notified in December 2002, laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling the Report, for consideration of the PAC. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately. 102 paragraphs (including two performance audits) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Arunachal Pradesh for the years 2008-2009 to 2018-19 were placed before the State Legislative Assembly between 21 July 2015 and 27 August 2021. The action taken explanatory notes from the concerned departments on these paragraphs were not furnished within the specified time. As of March 2020, action taken explanatory notes in respect of three paragraphs from various departments had not been received for the Audit Report year ended 31 March 2019 (December 2021).

The PAC discussed 52 selected paragraphs under Revenue Sector (February 2021) from two departments pertaining to the Audit Reports for the years from 2008-09 to 2016-17. Out of 52 paragraphs, 40 paragraphs were settled by the PAC and the remaining 12 paragraphs were recommended for further examination.

### 5.1.10 Analysis of mechanism for dealing with issues raised by Audit

To analyse the system of addressing issues highlighted in Inspection Reports/ Audit Reports by the Department/ Government, action taken on Paragraphs and Performance Audits included in the Audit Reports of the last 10 years for one department is evaluated and included in this Audit Report.

The succeeding paragraph 5.1.10.1 discusses the performance of the State Transport Department under revenue head 0041 and cases detected during the course of local audit during the years 2009-10 to 2019-20.

#### 5.1.10.1 Position of Inspection Reports

The summarised position of the Inspection Reports issued during the last 10 years (2010-11 to 2019-20) to various offices under the administrative control of the State Transport Department as on 31 March 2020 is shown in **Table 5.9**.

**Table: 5.9 Position of Inspection Reports**

(₹ in lakh)

Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Para	Money value	IRs	Para	Money value	IRs	Paras	Money value	IRs	Para	Money value
2010-11	41	102	683.30	2	8	71.89	1	3	3.63	42	107	751.56
2011-12	42	107	751.56	1	5	15.56	4	2	1.31	39	110	765.81
2012-13	39	110	765.81	-	-	-	-	5	15.58	39	105	750.23
2013-14	39	105	750.23	-	-	-	-	-	-	39	105	750.23
2014-15	39	105	750.23	-	-	-	1	5	15.56	38	100	734.67
2015-16	38	100	734.67	3	16	164.88	-	-	-	41	116	899.55

Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Para	Money value	IRs	Para	Money value	IRs	Paras	Money value	IRs	Para	Money value
2016-17	41	116	899.55	8	58	264.33	-	9	178.65	49	165	820.35
2017-18	49	165	820.35	1	11	3.60	-	-	-	50	176	823.95
2018-19	50	176	823.95	-	-	-	-	11	105.24	50	165	718.71
2019-20	50	165	718.71	6	42	907.89	-	-	-	56	207	1626.60

The Government did not arrange Audit Committee Meetings between the Department and the Accountant General's office to settle the old paragraphs. It is evident from the above table, against 41 outstanding IRs with 102 paragraphs at the beginning of 2010-11, the number of outstanding IRs remained at 56 IRs with 207 paragraphs at the end of 2019-20.

### 5.1.10.2 Recovery of Accepted Cases

The position of Compliance Audit Paragraphs included in Audit Reports of the last 10 years, those accepted by the respective department and amounts recovered are mentioned in the following Table 5.10.

**Table 5.10: Status of recovery from accepted Paragraphs in Audit Reports during the period from 2009-10 to 2018-19**

Sl. No.	Year	No. of Paragraphs included	Money value of Paragraphs (₹ in crore)	Amount recovered during the year	Cumulative position of recovery of accepted cases of 31 March 2020
1.	2009-10	15	3.42	Nil	Nil
2.	2010-11	15	7.56	Nil	Nil
3.	2011-12	22	5.71	Nil	Nil
4.	2012-13	07	2.31	Nil	Nil
5.	2013-14	12	6.94	Nil	Nil
6.	2014-15	06	1.43	Nil	Nil
7.	2015-16	07	12.78	Nil	Nil
8.	2016-17	05	2.25	Nil	Nil
9.	2017-18	05	5.69	Nil	Nil
10.	2018-19	08	72.61	Nil	Nil
<b>Total</b>		<b>102</b>	<b>120.70</b>	<b>Nil</b>	<b>Nil</b>

From the above table it can be seen that there were no recoveries even in accepted cases during the last 10 years. Recoveries of accepted cases were to be pursued as arrears recoverable from the concerned parties. No mechanism for pursuance of the accepted cases was put in place by the Department/ Government. Further, arrear cases, including accepted audit observations, were not available with the office of the Commissioner, Excise & Taxation Department. In the absence of a suitable mechanism, the department could not monitor recoveries of accepted cases.

**Recommendation:** *The Department may take immediate action to pursue and monitor prompt recovery of dues involved in accepted cases.*

## 5.2 Audit Planning and Result of Audit

The Unit offices under various Department are categorised into high, medium and low risk units, according to their revenue position, past trends of audit observations and other parameters. An Annual Audit Plan is prepared on the basis of risk analysis, which

includes critical issues in Government Revenues and Tax Administration, *i.e.* Budget Speech, White paper on State Finance, Reports of the Finance Commission (Central and State), recommendation of the Taxation Reforms Committee, Statistical analysis of the revenue earnings, factors of the tax administration, audit coverage *etc.* During 2019-20, out of 153 auditable units, 31 units (20 *per cent*) were planned for audit under revenue sector and 28 units (18 *per cent*) were actually audited.

### 5.3 Coverage of this Chapter

This chapter contains six audit paragraphs involving financial effect of ₹6.36 crore. Out of total audit objections of ₹6.36 crore (₹3.99 crore of tax revenue and penalty of ₹2.37 crore) included in Audit Report during the year 2019-20, Department/Government made recovery of penalty of ₹9.44 lakh in respect of objections included in Audit Report. Thus, the total recoveries made at the instance of audit in respect of paras included in this report during the year aggregated to ₹9.44 lakh.

## Compliance Audit Paragraphs

### GEOLOGY AND MINING DEPARTMENT

#### 5.4 Non-levy of Additional Royalty

**Geology and Mining Department failed to realise additional Royalty of ₹1.94 crore from the Oil Industries Development Board (OIDB) for delay in payment of differential Royalty.**

Rule 23 (1) of the Petroleum and Natural Gas (PNG) Rules 1959, provides that if any Royalty, *etc.*, is not paid to the Government by the Lessee within the time specified for such payment, it shall be increased by 10 *per cent* for each month or portion of month during which such Royalty *etc.*, remains unpaid.

The Government of Arunachal Pradesh (GoAP) entered into an Agreement (October 1997) with consortium of oil extraction companies<sup>1</sup> to regulate the Petroleum Sharing pattern. The contract was signed in June 1995 for exploration of Crude Oil in Kharsang, Changlang District. As per Terms and Conditions of the Agreement, the Lessee shall pay Royalty to the State Government for extraction of crude oil at the fixed rate of ₹528 per tonne, and any difference arising out of any subsequent revision in Royalty rates will be borne by the Government of India from the Oil Industries Development Board (OIDB) Fund. Further, Clause 4 (i) and (ii) of Part VI of the Agreement stipulated that payment of additional Royalty @ 10 *per cent* per annum for each month or portion of month during which such Royalty, *etc.*, remains unpaid, as per provision of the Rules *ibid* and all the payments shall be made within 30 days of the month to which the production, *etc.*, relates.

Scrutiny (May 2019) of records of the Director, Geology and Mining Department, Itanagar, revealed that the Lessee, Geo Enpro Petroleum Ltd., extracted total 68,838.75 metric tonne (MT) of Crude Oil from Kharsang Oilfield from April 2014 to

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<sup>1</sup> Oil India Limited, Geo Petrol International INC, Enpro India Limited, Geo Enpro Petroleum Limited

March 2015. The Lessee paid Royalty totalling ₹3.63 crore @ ₹528 per tonne on 68,838.75 MT Crude Oil extracted, as detailed in **Appendix 5.1**.

Further scrutiny revealed that the Oil Industry Development Board (OIDB), GoI, released differential Royalty of ₹38.63 crore on the 68,838.75 MT extracted by the Lessee during 2014-15 to the State Government belatedly on 30 October 2015, vide Cheque No: 873066, after a delay of 183 days from the due date of the last month, i.e. 30 April 2015. Audit observed that for the delay of 183 days in payment of differential Royalty by OIDB, additional Royalty of ₹1.94 crore (₹38.63 crore @ 10 per cent per annum for 183 days) was not levied and recovered by the Department. Thus, Department failed to realise additional Royalty from OIDB for delayed payment of differential Royalty which resulted in loss of revenue of ₹1.94 crore to the State Exchequer.

The Department accepted (August 2020) the audit observation and stated that it has requested the OIDB to release additional royalty amount of ₹1.94 crore.

The matter was reported to the State Government in January 2021. The reply is awaited as of April 2022.

**Recommendation:** *The State Government may take up action with OIDB and additional royalty may be realised.*

## LAND MANAGEMENT DEPARTMENT

### 5.5 Non-realisation of Land Revenue

#### 5.5.1 Non-realisation of Annual Lease Rent

**Failure of three District Land Revenue Settlement Officers (DLRSOs) to realise Annual Lease Rent (ALR) of ₹45.58 lakh from private individuals against allotted Government land for residential and commercial purposes.**

Paragraph 60 (a) of the Arunachal Pradesh (Land Settlement and Records) Act, 2000 stipulates that land revenue may be recovered by serving a written notice of demand to the defaulter.

Land Management Department, Government of Arunachal Pradesh, revised the Annual Lease Rent (ALR)<sup>2</sup> in respect of land allotted to private individual for residential purposes in the Capital Complex to ₹two per sqm. and in District/ Sub-Divisional HQs to ₹one per sqm. Similarly, ALR in respect of land allotted to private individuals for business purposes like Shopping Complexes, Hotels, Industries, etc. was revised to ₹four per sqm. in the Capital Complex and ₹three per sqm. in District/ Sub-Divisional headquarters.

Scrutiny of records of the District Land Revenue Settlement Officers (DLRSOs), Capital Complex, Itanagar (August 2019), Pasighat (November 2019) and Aalo (March 2020) revealed that 771 and 301 private individuals, who were allotted Government land for residential and business purposes in Capital Complex, Itanagar; Pasighat Town and Aalo Township, had not paid Annual Lease Rent (ALR) on the land in their possession for periods ranging from 01 to 17 years, till the date of Audit, as shown in **Table 5.11**.

<sup>2</sup> vide Order No: LM-39/2004 dated 05 December 2005

**Table 5.11 Details of unrealised Annual Lease Rent from Private Individuals**

(₹ in lakh)

Sl. No.	DLRSO	Period of outstanding Land Revenue		No. of Land Holders		Outstanding Land Revenue		Total Outstanding
		Residential	Commercial	Residential	Commercial	Residential	Commercial	
1.	Capital Complex, Itanagar	01 to 17 years	01 to 17 years	325	158	17.24	21.45	<b>38.69</b>
2.	Pasighat	01 to 14 years	01 to 11 years	314	93	3.98	1.55	<b>5.53</b>
3.	Aalo	01 to 03 years	01 to 03 years	132	50	0.83	0.54	<b>1.37</b>
<b>Total</b>				<b>771</b>	<b>301</b>	<b>22.05</b>	<b>23.54</b>	<b>45.59</b>

Source Departmental records

It can be seen that the total value of ALR payable by private individual land holders for residential allotments was ₹22.05 lakh and ₹23.54 lakh for commercial allotments.

Audit observed that no action was initiated by the DLRSOs to issue Demand Notices for clearing arrears of the ALR, despite the fact that private individual land holders had not paid ALR for prolonged periods, ranging from 01 to 17 years. Thus, failure of the DLRSOs to assess and collect Annual Lease Rent from defaulters resulted in non-realisation of land revenue of ₹45.59 lakh.

The State Government accepted (August 2021) the audit facts and stated that it would issue notices and review all the cases pointed out by Audit and suitable action would be taken to recover the Land Revenue including interest.

### 5.5.2 Non-realisation of Land Revenue from Private Company

**Failure of the District Land Revenue Settlement Officer (DLRSO), Pasighat to realise Land Premium of ₹0.91 lakh, Annual Lease Rent (ALR) of ₹26.06 lakh and interest of ₹19.91 lakh from a Hydropower company resulted in loss of revenue of ₹46.88 lakh.**

The Arunachal Pradesh Allotment of Government Land Rules, 1988, stipulates that the Allottee/ Lessee shall pay lease money annually at rates fixed by the Government from time to time. Further, Land Management Department, GoAP, in its Notification of December 2005, fixed the Land Premium (one-time) and the Annual Lease Rent (ALR) for businesses like Shopping Complexes, Hotels, Industries, etc., located in District/ Sub-divisional Headquarters at ₹eight per sqm. and ₹three per sqm. respectively. Any Allottee/ Lessee not paying any installment of Land Revenue or part thereof within the due date shall become a defaulter and Interest @15 per cent per annum shall be charged from the unpaid amount of Lease Rent.

Scrutiny of records (November 2019) of the District Land Revenue Settlement Officer (DLRSO), Pasighat, revealed that GoAP accorded approval<sup>3</sup> for transfer of ownership of land measuring 60,705 sqm. in Pasighat Township to M/s Jai Prakash Power Ventures Ltd. (JPVL) from National Hydroelectric Power Corporation (NHPC) Ltd. for Office/ Residential Complex purposes, accordingly, Land Allotment Order<sup>4</sup> was issued to the Lessee (M/s JPVL) by the Deputy Commissioner, Pasighat subject to payment of land value at prevailing rate of ₹eight per sqm. and Annual Lease Rent (ALR) at ₹three per sqm. Audit observed that the Lessee made payment of ₹6.67 lakh as land premium

<sup>3</sup> Order No: LR-48/84 dated 09 June 2008

<sup>4</sup> LM-33/2006 (Vol-I) dated 31 July 2008

and ALR for 2008. ALR of ₹3.91 lakh was also paid for 2009 and 2010. However, the Lessee did not pay ALR of ₹1.82 lakh for 2011.

Further scrutiny revealed that the GoAP accorded approval<sup>5</sup> for division of the 60,705 sqm. plot on a 50:50 ratio between the Lessee and NHPC, Ltd. subject to payment of land premium @ ₹three per sqm. and ALR @ ₹ten per sqm. As such, the Lessee (M/s JPVL) owned Government land measuring 30,352.50 sqm. only *w.e.f.* March 2012. However, Department did not take any initiative to collect the outstanding land revenue before issuing the fresh allotment to the lessee. Records further revealed that the Lessee did not pay land premium of ₹0.91 lakh<sup>6</sup>, required as per Allotment Order and also the ALR of ₹3.03 lakh *per annum* for 08 years from 2012 to 2019. Besides, interest of ₹19.91 lakh was also leviable for non-payment of Lease Rent as detailed in *Appendix 5.2*. However, the DLRSO, Pasighat, neither assessed the Land Premium and ALR nor was any Demand Notice issued to the Lessee (M/s JPVL) for payment of outstanding land revenue.

Thus, failure of the Department to assess Land Premium and ALR led to non-realisation of Land Revenue of ₹26.97 lakh<sup>7</sup>, besides interest of ₹19.91 lakh for non-payment of ALR. Thus, the total outstanding Land Revenue arrears to be realised from the M/s JPVL was ₹46.88 lakh<sup>8</sup>. It also resulted in short-realisation of tax revenue of the respective years.

The State Government accepted (August 2021) the audit facts and stated that it would review all the cases pointed out by Audit and suitable action would be taken to recover the Land Revenue including interest.

**Recommendation:** *The State Government may expedite action to recover outstanding Land Revenue.*

## TAX & EXCISE DEPARTMENT

### 5.6 Non-realisation of Entry Tax from importer

**Superintendent of Taxes (ST), Banderdewa failed to realise Entry Tax of ₹14.79 lakh from an importer for which interest of ₹4.63 lakh is also leviable.**

Section 3(1) of the Arunachal Pradesh Entry Tax Act, 2010, provides that, subject to the other provisions of the Act, an Entry Tax shall be levied and collected on entry of specified goods into any local area for consumption, use or sale therein, at rates respectively specified against each item in the Schedule. Further, Section 3(5)(a)(iv) of the Arunachal Pradesh Goods Tax Act, 2005 stipulates that tax due on the entry of goods shall be paid when the goods are imported into Arunachal Pradesh. The rate for sponge iron is four *per cent*. Also, under Section 44(2) of the APGT Act, when a person defaults in payment of due tax, Penalty or other amount due, interest ranging from 12 to

<sup>5</sup> GoAP *vide* Order No. LR-48/84/8859 dated 07 March 2012

<sup>6</sup> 30,352.50 sqm. x ₹3 = ₹0.91 lakh (Land Premium)

<sup>7</sup> ₹0.91 lakh (Land Premium) + ₹1.82 lakh (ALR for 2011 against 60,705 sqm.) + ₹24.24 lakh (ALR for 2012-2019 against 30,352.50 sqm.)

<sup>8</sup> ₹0.91 lakh (Land Premium) + ₹1.82 lakh (ALR for 2011 against 60,705 sqm.) + ₹24.24 lakh (ALR for 2012-2019 against 30,352.50 sqm.) + ₹19.91 lakh (Interest)

24 per cent per annum, computed on daily basis, for the period of default on the amount of tax paid short, is leviable.

Scrutiny (December 2019) of records of the Superintendent of Taxes (ST), Banderdewa, revealed that a registered dealer M/s Satyaratan Ispat<sup>9</sup>, was dealing in manufacturing business of imported taxable goods<sup>10</sup> valued at ₹3.69 crores into Arunachal Pradesh in 10 consignments from April 2017 to June 2017. Total Entry Tax payable by the importer was ₹14.79 lakh (@ 4 per cent of ₹3.69 crore). However, Audit observed that the Officer-in-Charge, Border Facilitation Centre (BFC), Banderdewa, allowed the goods to be imported into the State without collecting Entry Tax at prescribed rate from the dealer, in violation of extant Rules. The ST also failed to take action to realise Entry Tax from the dealer, despite having details of the imports, like invoices, etc. Since, Entry Tax has been abolished from July 2017 after implementation of GST, hence as such, there was loss of revenue to the State Exchequer to that extent. Further, interest of ₹4.63 lakh was also leviable u/s 44(2) of the APGT Act, 2005, as detailed in **Appendix-5.3**.

The Department (March 2020) stated that Recovery Notice was issued to the dealer. However, a report on recovery of the Entry Tax from the dealer is still awaited from the Department (April 2022).

The matter was reported to the State Government in January 2021. The reply is awaited as of April 2022.

**Recommendation:** *The State Government may take appropriate action for immediate recovery of the tax and interest from the dealer.*

## 5.7 Non-levy of Penalty

**The Superintendent of Taxes (ST), Changlang failed to levy penalty of ₹19.79 lakh from 29 VAT Registered Dealers for non-submission of returns (FF-01) within due date.**

As per Rule 36(1) & (2) of the Arunachal Pradesh Goods Tax (APGT) Rules, 2005, every dealer liable to pay tax shall furnish a return in form FF-01 for each tax period within 28 days from the end of the tax period. Also, under Section 87(9)(a) of the Act, if a dealer fails to furnish any return by due date, he is liable to pay penalty of ₹100 per day of default, subject to a maximum of ₹10,000.

Scrutiny (January 2020) of records of the Superintendent of Taxes (ST), Changlang, revealed that 29 dealers<sup>11</sup> registered under VAT did not furnish returns (FF-01) for periods ranging between 19 days to more than 100 days in respect of tax periods between January 2016 and November 2019. As the dealers did not furnish returns, their turnover could not be ascertained by the Assessing Officer. For non-submission of returns, the dealers were liable to pay penalty of ₹19.29 lakh as detailed in **Appendix 5.4**

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<sup>9</sup> TIN: 12041657192

<sup>10</sup> Sponge Iron and Silico Manganese

<sup>11</sup> i) 22 dealers dealing in GST Products – Not required to file VAT return post-GST, i.e. from June 2017

ii) Seven dealers dealing in Petroleum Products & Indian Made Foreign Liquor (IMFL) – Required to file VAT return post-GST, i.e. from June 2017 till date

**(A) & Appendix 5.4 (B).** It also resulted in short collection of tax revenue of State Government in respective year.

Assessing Officer did not initiate any action or issue Show Cause Notices to the dealers for non-submission of returns and realisation of the penalty (July 2020).

The Department (July 2020), accepted the facts and stated that letter was issued to all 29 dealers for recovery of outstanding amount due to non-filing of VAT return. Out of 29 dealers, 11 dealers had deposited required penalty of ₹9.44 lakh into Government Account and recovery of the balance penalty of ₹10.35 lakh (₹19.79 lakh (-) ₹9.44 lakh) from the remaining 18 dealers, was under process (March 2022).

The matter was reported to the State Government in January 2021. The reply is awaited as of April 2022.

**Recommendation:** *The State Government may expedite action to recover balance outstanding amount from the dealers.*

### 5.8 Loss of Revenue due to non-implementation of amended Rules in respect of Holograms

**The Commissioner, Tax & Excise Department failed to mandate the use of holograms by the Manufacturers/ Bottlers/ Bonded Warehouses operating in the State which resulted in loss of revenue of ₹3.10 crore.**

The Government of Arunachal Pradesh amended the Arunachal Pradesh Excise Rules in August 2009 and inserted Rule 251, which mandates the use of holograms on all Indian Made Foreign Liquor (IMFL)/ beer bottles of different capacities/ sizes imported by licensed Bonded Warehouses locally or from outside the State and sold within the State. Holograms would be ordered by the Excise Department for Manufacturers/ Bottlers/ Bonded Warehouses, who would affix them on all IMFL/ beer bottles before effecting export or sales, as the case may be, from their premises. The fee for registration and renewal of holograms was fixed at ₹one lakh *per annum*.

Scrutiny (June 2019) of records of the Commissioner of Tax & Excise, Itanagar, revealed that there were 40 Manufacturers/ Bottlers/ Bonded Warehouses of IMFL and Beer operating in the State as of June 2019. Audit observed that Registration/ Renewal Fees for holograms from the 40 Manufactures/ Bottlers/ Bonded Warehouses was worked out as ₹3.10 crore from April 2009 to May 2019 as detailed in **Appendix 5.5**. However, none of the 40 Manufacturers/ Bottlers/ Bonded Warehouses operating in the State during the period paid any Registration/ Renewal Fees for holograms, as required under the amended Rules, due to the fact that no Instruction was issued by the Department of Tax & Excise to Manufacturers/ Bottlers/ Bonded Warehouses of IMFL/ Beer for use of holograms even after a lapse of nine years from the date of amendment. Despite amendment of the Excise Rules in August 2009, mandating the use of holograms, the Department had still not initiated any action to enforce the amended Rules.

Thus, failure of the Department to enforce the amended Rules and realise Registration/ Renewal Fees for holograms resulted in loss of revenue of ₹3.10 crore to the State exchequer and it also resulted in non-compliance with the rules enacted by the State Legislature.

In reply (October 2019), the Department stated that the Gazette Notification was published for enforcement of the amended Rules in the State, but it was not enforced/implemented by the Department, pending decision of higher authorities, hence, the ₹3.10 crore may not be treated as a loss.

The reply of the Department is not tenable, as once the amendment was published in the Official Gazette, it becomes a law and requires to be implemented. Due to inordinate delay by the Department in enforcing the amended Rules, the Government suffered loss of revenue of ₹3.10 crore.

The matter was reported to the State Government in January 2021. The reply is awaited as of April 2022.

***Recommendation: The State Government may ensure the implementation of rules enacted by the State Legislature.***

**CHAPTER – VI**  
**ECONOMIC SECTOR**  
**(STATE PUBLIC SECTOR UNDERTAKINGS)**



# CHAPTER – VI: ECONOMIC SECTOR

## (STATE PUBLIC SECTOR UNDERTAKINGS)

### 6.1 Functioning of State Public Sector Undertakings

#### 6.1.1 Introduction

As of 31 March 2020, there were seven State Public Sector Undertakings (SPSUs) (all Government Companies) in Arunachal Pradesh as detailed below:

**Table 6.1: Total number of SPSUs as on 31 March 2020**

Type of SPSUs	Working SPSUs	Non-working SPSUs	Total
Government Companies <sup>1</sup>	6	1	7

*Source: Information received from SPSUs*

None of these Companies were listed on the stock exchange which means that the shares of the SPSUs cannot be traded in the stock exchange. During the year 2019-20, no SPSU was added to the audit jurisdiction of Principal Accountant General, Arunachal Pradesh. No existing SPSU was closed down during the year.

#### 6.1.2 Investment in SPSUs

##### 6.1.2.1 State Government's investment in SPSUs

The State's investment in its SPSUs was by way of share capital/ loans and special financial support by way of grants/ subsidies as and when required.

As on 31 March 2020, the investment of the State Government (capital and long-term loans) in seven SPSUs was ₹27.87 crore<sup>2</sup> as per details shown in **Table 6.2**.

**Table 6.2: Details of State's investment in SPSUs during the period 2015-16 and 2019-20**  
(₹ in crore)

Year	2015-16	2019-20
Equity Capital	19.49	19.49
Long term Loans	8.38	8.38
<b>Total</b>	<b>27.87</b>	<b>27.87</b>

*Source: Finalised accounts of SPSUs*

The State Government investment as on 31 March 2020 consisted of 69.93 per cent towards capital and 30.07 per cent in long-term loans, which remained constant during last five years.

During the year 2019-20, out of six working SPSUs, two SPSUs incurred losses (₹2.49 crore) and four SPSUs earned profits (₹6.07 crore) as per their latest finalised accounts (September 2020). However, none of the four profit making SPSUs had declared any dividend. There was no recorded information about the existence of any

<sup>1</sup> Government Companies include other companies referred to in Section 139(5) and 139(7) of the Companies Act, 2013

<sup>2</sup> Investment figures are provisional and as per the information provided by the SPSUs as none of the seven SPSUs has finalised accounts for 2019-20 as of 31 September 2020

specific policy of the State Government regarding payment of minimum dividend by the SPSUs.

The return on State Government's investment (historical value) in SPSUs during 2019-20 worked out to 8.84 *per cent*. The losses of three working SPSUs (accumulated losses of ₹27.29 crore) had completely eroded the State's investment in their paid-up capital (₹9.64 crore), as per their latest finalised accounts (September 2020).

### 6.1.2.2 Total Sector-wise investment in SPSUs

Total investment of State Government and Other Stakeholders (Central Government, Holding companies, Banks, Financial Institutions, *etc.*) in SPSUs under various important sectors at the end of 31 March 2016 and 31 March 2020 has been shown in **Table 6.3**.

**Table 6.3: Sector-wise investment in SPSUs as on 31 March 2020**

(₹ in crore)

Name of Sector	Government Companies	
	2015-16	2019-20
Finance	12.65	12.70
Power	12.45	12.45
Agriculture & Allied	4.50	4.50
Service	0.99	0.99
Manufacturing	0.24	0.24
Infrastructure	0.02	0.02
Miscellaneous	2.63	2.63
<b>Total</b>	<b>33.48</b>	<b>33.53</b>

Source: Information received from SPSUs

It can be noticed from the **Table 6.3**, the combined investment of State Government and Other Stakeholders remained constant in all the sectors during last five years except a marginal increase of ₹ 0.05 crore in Finance Sector. During last five years, the thrust of investment was in Finance and Power sectors, which constituted around 38 *per cent* (Finance sector) and 37 *per cent* (Power sector) of total investment during 2015-16 to 2019-20.

### 6.1.3 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per the records of SPSUs should agree with the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the Finance Department and the SPSUs concerned should carry out reconciliation of differences. The position in this regard as of 31 March 2020 is shown in **Table 6.4**.

**Table 6.4: Variation between Finance Accounts and records of SPSUs**

(₹ in crore)

Outstanding in respect of:	Amount as per Finance Accounts	Amount as per records of SPSUs	Difference
Equity	9.00	19.49	10.49
Loans	36.25 <sup>3</sup>	8.38	27.87
Guarantee	2.00	2.00 <sup>4</sup>	-

Source: As per the Finance Accounts and information furnished by SPSUs

<sup>3</sup> Represents Loan provided to 'public sector and other undertakings' in four sectors viz., Agriculture & Allied (₹ 20.00 crore); Power (₹ 10.00 crore); Non-ferrous Mining (₹ 0.15 crore) and Industrial Financing (₹ 6.10 crore). SPSU-wise details of loans not available in the State Finance Accounts, 2019-20

<sup>4</sup> Pertained to Arunachal Pradesh Industrial Development and Financial Corporation Limited

As can be seen from the **Table 6.4** above, there were significant differences in the figure of 'equity' (₹10.49 crore) and 'loans' (₹27.87 crore), which have not been reconciled for more than ten years.

Though the Principal Secretary, Finance Department, Government of Arunachal Pradesh (GoAP) as well as the Management of the SPSUs concerned were appraised regularly about the differences impressing upon the need for early reconciliation, no significant progress was noticed in this regard.

**Recommendation:** *The Government and the SPSUs concerned may take concrete steps to reconcile the differences in a time-bound manner. The Government should correct the system of financing the SPSUs and the accounts be updated.*

#### 6.1.4 Special support and guarantees to SPSUs during the year

State Government provides financial support to SPSUs in various forms through annual budgetary allocations. The details of budgetary outgo towards equity, loans and grants/subsidies in respect of SPSUs for three years ended 2019-20 are shown in **Table 6.5**.

**Table 6.5: Details of budgetary support to SPSUs**

Sl. No.	Particulars	2017-18		2018-19		2019-20	
		No.	Amount	No.	Amount	No.	Amount
1.	Equity Capital Outgo from budget	-	-	-	-	-	-
2.	Loans given from the budget	-	-	-	-	-	-
3.	Grants/ Subsidy* from budget	2	5.55	3	9.88	2	4.79
<b>Total Outgo</b>		<b>2</b>	<b>5.55</b>	<b>3</b>	<b>9.88</b>	<b>2</b>	<b>4.79</b>
4.	Guarantees issued during the year	-	-	-	-	-	-
5.	Guarantee Commitment (Cumulative)	1	2.00	1	2.00	1	2.00

Source: Information received from SPSUs

\* Represents revenue grants/ subsidy; no capital grant/ subsidy was provided during the three years

During the last three years under reference, the State Government had not provided any equity capital or loans from the State budget to the SPSUs. One SPSU<sup>5</sup> had received grants continuously for last three years and two SPSUs<sup>6</sup> had received grants only for two years each. Further, no guarantee was issued to any of the SPSUs during last three years (2017-2020). The guarantee commitment of State Government remained constant at ₹two crore during the last three years, which pertained to Arunachal Pradesh Industrial Development and Financial Corporation Limited. The SPSU had not paid any guarantee commission to the State Government.

#### 6.1.5 Accountability framework

The audit of financial statements of a company in respect of financial years commencing on or after 01 April 2014 is governed by the provisions of the Companies Act, 2013 (Act) and audit of the financial statements in respect of financial years that commenced earlier than 01 April 2014 continued to be governed by the Companies Act, 1956. The new Act

<sup>5</sup> Arunachal Pradesh Forest Corporation Limited (2017-18: ₹3.05 crore; 2018-19: ₹2.51 crore and 2019-20: 2.61 crore)

<sup>6</sup> Arunachal Pradesh Industrial Development and Financial Corporation Limited (2017-18: ₹2.50 crore and 2018-19: ₹2.00 crore) and Hydro Power Development Corporation of Arunachal Pradesh Limited (2018-19: ₹5.37 crore and 2019-20: ₹2.19 crore)

has specified increased regulatory framework, wider management responsibility and higher professional accountability.

#### 6.1.5.1 Statutory Audit/ Supplementary Audit

Statutory Auditors appointed by the C&AG, audit the financial statements of a Government Company. In addition, C&AG conducts the supplementary audit of these financial statements under the provisions of Section 143(6) of the Act.

#### 6.1.5.2 Role of Government and Legislature

The State Government exercises control over the affairs of these SPSUs through its administrative departments. The Government appoints Chief Executives and Directors on the Board of these SPSUs.

The State Legislature also monitors the accounting and utilization of Government investment in the SPSUs. For this purpose, the Annual Reports of the State Government Companies together with the Statutory Auditors' Report and comments of the CAG thereon are required to be placed before the Legislature under Section 394 of the Act. The Audit Reports of CAG are submitted to the State Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

#### 6.1.6 Arrears in finalisation of Accounts

The financial statements of the companies are required to be finalised within six months after the end of the financial year i.e. by 30 September in accordance with the provisions of Section 96(1) read with Section 129 (2) of the Companies Act, 2013. Failure to do so may attract penal provisions under Section 99 of the Act. As per the Act, the defaulting company and every officer of such company who is at default shall be punishable with fine which may extend up to ₹one lakh and in the case of a continuing default, with a further fine which may extend upto ₹5,000 for every day during which such default continues.

Moreover, timely finalisation of accounts is important for the State Government to assess the financial health of the SPSUs and to avoid financial misappropriation and mismanagement. Persistent delay in finalisation of accounts is fraught with the risk of fraud and leakage of public money going undetected apart from violation of the provision of the Companies Act, 2013.

**Table 6.6** below provides the details of progress made by working SPSUs in finalisation of accounts as of 30 September 2020.

**Table 6.6: Position relating to finalisation of accounts of working SPSUs**

Sl. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
1.	Number of Working SPSUs	5	5	5	6	6
2.	Number of accounts finalised during the year	1	3	2	2	2
3.	Number of accounts in arrears	33	35	38	42	46
4.	Number of Working SPSUs with arrears in accounts	5	5	5	6	6
5.	Extent of arrears (numbers in years)	1 to 16	1 to 17	1 to 18	1 to 19	1 to 20

Source: Information received from SPSUs

As can be observed from the above Table, the number of accounts in arrears has shown an increasing trend during the five-year period 2015-16 to 2019-20. Out of the total 46 accounts in arrears as on 30 September 2020, 34 Accounts (74 per cent) pertained to two SPSUs viz., Arunachal Pradesh Mineral Development and Trading Corporation Limited (20 Accounts) and Arunachal Pradesh Forest Corporation Limited (14 Accounts). The earliest Accounts in arrears was since 2000-01, which related to Arunachal Pradesh Mineral Development and Trading Corporation Limited.

The Principal Accountant General Arunachal Pradesh (PAG) has been regularly pursuing this issue with the Chief Secretary, Government of Arunachal Pradesh and the Administrative Departments concerned for liquidating the arrears in accounts of SPSUs. However, the State Government and the SPSUs concerned could not address the issue to clear pendency of accounts of the SPSUs in a time bound manner.

### 6.1.7 Investment by State Government in SPSUs whose accounts are in arrears

The State Government invested ₹ 0.02 crore in one SPSU {equity: ₹ 0.02 crore} during the years for which the accounts of these SPSUs had not been finalised as detailed in Table 6.7.

**Table 6.7: Investment by State Government in SPSUs having accounts in arrears**

(₹ in crore)

Sl. No.	Name of SPSU	Accounts finalised upto	Accounts pending finalisation	Investment by State Government during the period of accounts in arrears	
				Equity	Loans
1.	Arunachal Police Housing & Welfare Corporation Limited	2017-18	2018-19	0.02	-
<b>Total</b>				<b>0.02</b>	<b>-</b>

Source: Information furnished by SPSU

In the absence of accounts and their subsequent audit, it cannot be verified if the investments made and the expenditure incurred have been properly accounted for and the purpose for which the amount was invested, was achieved or not.

The Government may consider setting up a special cell under the Finance Department to oversee the expeditious clearance of arrears of accounts of SPSUs. Where there is lack of staff expertise, Government may consider outsourcing the work relating to preparation of accounts and take punitive action against company heads responsible for arrears of accounts. Until the accounts are made as current as possible Government may consider not giving further financial assistance to such companies.

### 6.1.8 Performance of SPSUs as per their latest finalised accounts

The financial position and working results of working Government Companies are detailed in *Appendix 6.1*. Table 6.8 provides the comparative details of working SPSUs turnover and State GDP for a period of five years ending 2019-20.

**Table 6.8: Details of working SPSUs turnover vis-a-vis State GDP**

Particulars	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Turnover <sup>7</sup>	20.48	23.29	24.86	28.96	26.61
State GDP	18,509.16	19,845.44	22,432.48	24,602.88	27036.64
Percentage of Turnover to State GDP	0.11	0.11	0.11	0.12	0.10

Source: Turnover- Information furnished by SPSUs, GSDP- State Finances Audit Report

It can be seen from the **Table** above that contribution of SPSUs to the State GDP has decreased marginally by one *per cent* from 0.11 *per cent* (2015-16) to 0.10 *per cent* (2019-20) during the period.

The SPSUs turnover have registered an overall growth of ₹6.13 crore (29.93 *per cent*) during the last five years from ₹20.48 crore (2015-16) to ₹ 6.61 crore (2019-20). There was an increase of ₹3.96 crore in the turnover of one company<sup>8</sup> from ₹ 6.28 crore (2015-16) to ₹10.24 crore (2019-20).

### 6.1.8.1 Key parameters

Some other key parameters of SPSUs performance as per their latest finalised accounts as on 30 September 2020 of the respective years are shown in **Table 6.9**.

**Table 6.9: Key Parameters of SPSUs**

Particulars	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Debt	31.12	31.29	31.33	31.50	31.50
Turnover <sup>9</sup>	20.48	23.29	24.86	28.96	26.61
Debt/ Turnover Ratio (DTR)	1.52:1	1.34:1	1.26:1	1.08:1	1.18:1
Interest Payments	18.09	17.85	18.95	19.12	19.12
Accumulated losses	(-)12.49	(-)6.14	(-)1.40	(+)4.94	(+)4.94

Source: Information furnished by SPSUs

### Debt-Turnover Ratio

Debt-to-turnover ratio (DTR) demonstrates a good balance between debt and income. Conversely, a high DTR can signal having too much of debt against the income of SPSUs from core activities. Thus, the SPSUs having lower DTR are more likely to successfully manage their debt servicing and repayments.

### SPSU Debt

During the period of five years, the SPSUs debt had increased marginally by ₹0.38 crore (1.22 *per cent*) from ₹31.12 crore (2015-16) to ₹31.50 crore (2019-20). This had confined the interest payments to almost same level during the last five years.

However, as can be seen from **Table 6.9** above, there was overall improvement in the DTR in last five years from 1.52:1 (2015-16) to 1.18:1 (2019-20) mainly due to an overall growth in SPSU-turnover (29.93 *per cent*) during the last five years from ₹ 20.48 crore (2015-16) to ₹ 26.61 crore (2019-20).

<sup>7</sup> Turnover of working SPSUs as per the latest finalised accounts as on 31 September of respective years

<sup>8</sup> Arunachal Pradesh Industrial Development and Financial Corporation Limited

<sup>9</sup> Turnover of working SPSUs as per the latest finalised accounts as on 30 September of the respective year

### 6.1.8.2 Erosion of capital due to losses

The paid-up capital and accumulated profits of six working SPSUs as per their latest finalised accounts as on 30 September 2020 were ₹16.79 crore and ₹7.51 crore respectively (*Appendix 6.1*).

The Return on Equity<sup>10</sup> (RoE) in respect of three out of six working SPSUs was 5.49 *per cent* as per their latest finalised accounts. The accumulated losses (₹27.29 crore) of the remaining three<sup>11</sup> working SPSUs had completely eroded their capital (₹9.64 crore) as per their latest finalised accounts. The RoE of these three SPSUs was not workable due to complete erosion of their equity capital. The details of erosion of paid-up capital of the three SPSUs are shown in **Table 6.10**.

**Table 6.10: SPSUs with primary erosion of paid-up capital**

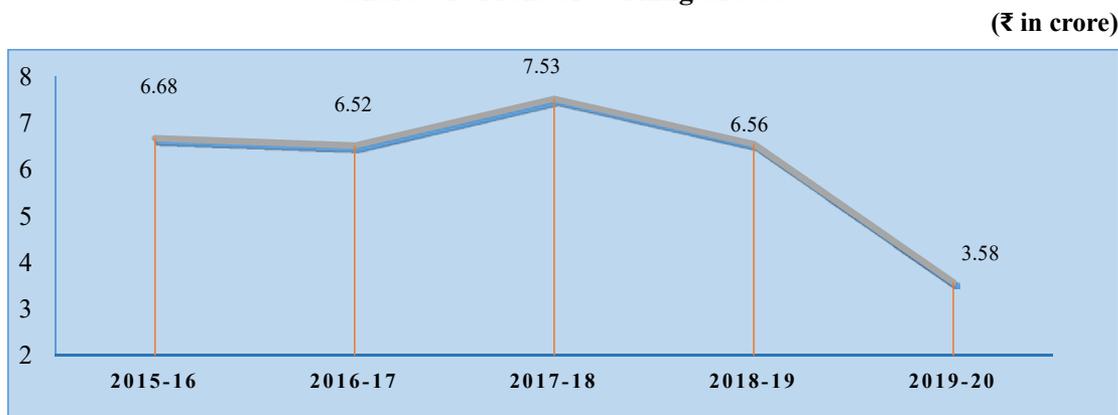
(₹ in crore)			
Name of SPSU	Latest finalised accounts	Paid-up capital	Accumulated losses
Arunachal Pradesh Industrial Development and Financial Corporation Limited	2017-18	4.15	20.42
Arunachal Pradesh Forest Corporation Limited	2005-06	4.50	4.58
Arunachal Pradesh Donyi Polo Hotel Corporation Limited	2018-19	0.99	2.29

Source: Information furnished by SPSUs

The accumulated losses of these SPSUs had eroded public wealth, which is a cause of serious concern.

The overall position of the net profits earned by working SPSUs during 2015-16 to 2019-20 as per their latest finalised accounts is depicted in **Chart 6.1**.

**Chart 6.1: Profit of working SPSUs**



Source: Compiled based on latest finalised accounts of SPSUs

During 2019-20, there was a decrease of around 45.43 *per cent* (₹2.98 crore) in the overall profits of the working SPSUs as compared to the previous year (2018-19).

<sup>10</sup> ROE = (Net Profit after taxes *minus* preference dividend) ÷ Shareholders' Fund/ Equity; Where, Shareholders' Fund/ Equity = Paid up Share Capital *plus* Free Reserves and Surplus *minus* Accumulated Loss *minus* Deferred Revenue Expenditure

<sup>11</sup> Sl. No. 1, 3 and 6 of *Appendix 6.1*

During the year 2019-20, out of six working SPSUs, four SPSUs<sup>12</sup> earned an aggregate net profit of ₹ 6.07 crore, while the remaining two SPSUs<sup>13</sup> incurred a net loss of ₹ 2.49 crore. The details of major contributors to profits and losses of working SPSUs are shown in **Table 6.11**.

**Table 6.11: Major contributors to profits and losses of working SPSUs**

(₹ in crore)

Name of SPSU	Latest finalised accounts	Profit (+)/ loss (-)
Arunachal Police Housing and Welfare Corporation Limited	2017-18	(+) 2.10
Arunachal Pradesh Forest Corporation Limited	2005-06	(+) 3.54
Arunachal Pradesh Donyi Polo Hotel Corporation Limited	2018-19	(-) 2.21

Source: Information furnished by SPSU

The State Government has not formulated (February 2021) any dividend policy to make it mandatory for SPSUs to pay a minimum return on the paid-up equity share capital contributed by the State Government. None of the four working SPSUs, which earned profit during 2019-20, had declared any dividend.

### 6.1.9 Rate of Investment on the basis of Present Value of Investment

The Rate of Real Return (RORR) measures the profitability and efficiency of an entity with which equity and similar non-interest bearing capital have been deployed, after adjusting them for their time value. To determine the RORR, the investment of State Government in the form of equity, interest free loans and revenue grants/ subsidies in the SPSUs for operational and management expenses *less* disinvestments (if any), has been considered and indexed to their Present Value (PV) and summated. The RORR is then calculated by dividing the 'Profit After Tax' (PAT) earned by SPSUs by the sum of the PV of the investment.

During 2019-20, out of six working SPSUs, four SPSUs earned profit (₹6.07 crore<sup>14</sup>), while the remaining two SPSUs incurred loss (₹2.49 crore) as per their latest finalised accounts (**Appendix-6.1**). Based on the historical value of investment, the Return for 2019-20 on State Government investment worked out to 8.84 *per cent* as against the RORR of 2.88 *per cent* on the investment at present value as shown in **Appendix-6.2**. This difference in percentage of return was on account of the adjustment made in the investment amount for the time value of money.

### 6.1.10 Impact of Audit Comments on Annual Accounts of SPSUs

During October 2019 to September 2020, two working companies<sup>15</sup> had forwarded two audited accounts to the Principal Accountant General (PAG), Arunachal Pradesh. Non-Review Certificate (NRC) was issued in respect of the accounts of both the companies. The audit reports of statutory auditors appointed by C&AG indicate that the quality of maintenance of accounts needed to be improved substantially. The

<sup>12</sup> Including negligible profit (₹12,371) of one SPSU at Sl. No. A1 of **Appendix 6.1**

<sup>13</sup> Sl. No. A2 and A6 of **Appendix 6.1**

<sup>14</sup> As per latest finalised accounts of working SPSUs as on 30 September 2020 and included negligible profit (₹12,371) of SPSU at serial number A1 of **Appendix 6.1**

<sup>15</sup> Arunachal Pradesh Donyi Polo Hotel Corporation, Limited, Arunachal Police Housing and Welfare Corporation Limited.

details of aggregate money value of the comments of statutory auditors and C&AG are shown in **Table 6.12**.

**Table 6.12: Impact of audit comments on working Companies**

(₹ in crore)

Sl. No.	Particulars	2017-18		2018-19		2019-20	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	1	4.66	-	-
2.	Increase in loss	-	-	-	-	-	-
3.	Non-disclosure of material facts	-	-	-	-	-	-
4.	Errors of classification	-	-	-	-	-	-

Source: As per latest finalised annual accounts of SPSUs

During the year, the statutory auditors had given qualified certificates for both the companies which commonly includes non-compliance to Accounting Standards, improper maintenance of records and accounting errors, *etc.* In addition, C&AG had also issued Non-Review Certificate (NRC) on accounts of two companies selected for supplementary audit. No adverse certificates or disclaimers were issued by the C&AG or statutory auditors on any of the accounts during the year.



**CHAPTER – VII**  
**FOLLOW UP OF AUDIT**  
**OBSERVATIONS**



## CHAPTER – VII: FOLLOW UP OF AUDIT OBSERVATIONS

### 7.1 Follow-up action on Audit Reports

As per instructions issued by the Finance Department (June 1996), concerned Administrative Departments are required to prepare *suo motu* Explanatory Note on the Paragraphs/Reviews included in the Audit Reports indicating the action taken or proposed to be taken and submit the ‘Action Taken Notes (ATNs)’ to the Assembly Secretariat with a copy to the Accountant General and Secretary, Finance Department, within three months from the date of receipt of the Report.

Further, as regards submission of *suo motu* Explanatory Notes on paragraphs included in the Reports of the Comptroller and Auditor General of India from 2008-09 to 2018-19, it was noticed that the concerned Administrative Departments did not comply with the timeframe. As of March 2021, *suo motu* Explanatory Notes on 210 Paragraphs of the Audit Reports were outstanding from various Departments as detailed in *Appendix 7.1*.

During the period 2019-20, two Public Accounts Committee (PAC) meetings were held in September 2019 and January 2020 after a gap of over 11 months (the PAC met earlier in October 2018). The Committee selected total 86 paras/ sub-paras in respect of 15 Departments pertaining to the period from 2008-09 to 2016-17 for discussion in the meetings. The concerned Departments furnished their replies against the paras to the Principal Accountant General Office and the same were examined and vetted by this office. The detailed para-wise comments of the Principal Accountant General against the replies furnished by the Departments were forwarded to the State Legislative Assembly. The details of outcomes of PAC held during 2019-20 are shown in *Appendix-7.2*. The details of outstanding paras to be discussed in PAC/ COPU as of March 2020 are shown in *Appendix-7.3*.

The Administrative Departments were also required to take suitable action on the recommendations made in the PAC/ CoPU Reports presented to the State Legislature. The PAC specified time frame for submission of the ATNs as one month up to the 68<sup>th</sup> Report. Review of 16 Reports of the PAC containing recommendations on 94 Paragraphs in respect of 25 Departments included in Audit Reports and presented to the Legislature between September 1994 and July 2015, revealed that no Departments had sent any ATNs during 2019-20. Thus, there are 94 outstanding Paragraphs against which Departments had not furnished any ATNs to the PAC as of March 2020 as shown in *Appendix 7.4*.

### 7.2 Audit Committee Meeting

No Audit Committee Meetings were held for discussion and settlement of Outstanding Inspection Reports during 2018-19.

**Recommendation:** *The Government may consider constituting a committee headed by the Chief Secretary to monitor the response of Departments to audit observations in a time bound manner and for clearance of old outstanding IRs.*

### 7.3 Response to Audit Observations

**As of March 2020, 6,292 Paragraphs pertaining to 1,091 Inspection Reports (IRs), involving ₹6,366.73 crore were outstanding. Out of 1,091 IRs, the first replies to 485 IRs have not been received.**

Principal Accountant General periodically conducts inspection of the Government Departments to test-check their transactions and to verify maintenance of important accounting and other records as per the prescribed rules and procedures. When important irregularities detected during inspections are not settled on the spot, they are included in the Inspection Reports (IRs) that are issued to concerned Heads of Offices, with a copy to the next higher authority and the Government. Government instructions provide for prompt response to IRs by the executive to ensure timely remedial action in compliance to prescribed rules and procedures and to fix responsibility for serious lapses pointed out in IRs. Serious irregularities are also brought to the notice of concerned Heads of Departments by the Office of the Principal Accountant General. A half-yearly report of pending IRs is sent to the Commissioner/Secretary of the Department to facilitate monitoring of the audit observations in the pending IRs.

As of March 2020, 6,292 Paragraphs relating to 1,091 IRs pertaining to 451 offices of 62 Departments remained outstanding. Even initial replies, which were required to be received from the Heads of Offices within one month from the date of issue were not received from 265 offices for 485 IRs issued between 1985-86 to 2019-20. A review of outstanding IRs in three Departments indicated serious irregularities which were pending settlement as given below:

**Table: 7.1- Details of review of outstanding IRs in three Departments**

(₹ in lakh)

Sl. No.	Nature of irregularities	Public Works Department		Water Resource Department		Education	
		No. of Paragraph	Amount	No. of Paragraph	Amount	No. of Paragraph	Amount
1.	Unfruitful/ Wasteful Expenditure	2	407.93	1	19.95	4	744.18
2.	Avoidable Expenditure	1	68.50	2	25.16	0	0.00
3.	Outstanding/Short Realisation of VAT/ Security Deposit etc.	5	15.97	0	0.00	2	55.04
4.	Idle Investment	1	48.51	0	0.00	6	140.50
5.	Doubtful Expenditure	6	526.94	3	107.67	5	342.82
6.	Excess Expenditure	8	150.29	5	370.51	3	32.76
7.	Undue favour to contractor	5	179.60	0	0.00	2	10.69
8.	Irregular/ Inadmissible expenditure	9	437.10	1	7.98	14	2572.16

Sl. No.	Nature of irregularities	Public Works Department		Water Resource Department		Education	
		No. of Paragraph	Amount	No. of Paragraph	Amount	No. of Paragraph	Amount
9.	Unauthorised Expenditure	5	103.79	0	0.00	2	36.81
10.	Wanting Records/ Without Verification	5	804.22	1	1.30	15	774.73
11.	Non-Deduction of Government Revenue	3	64.07	1	0.26	4	237.10
<b>Total</b>		<b>50</b>	<b>2806.92</b>	<b>14</b>	<b>532.83</b>	<b>57</b>	<b>4946.79</b>

Source: Monthly progress report, March 2020

Commissioners/ Secretaries of the concerned Departments were informed regarding the position through half-yearly reports.

**Recommendation:** *The State Government may ensure the replies to IRs/ Audit Paragraphs are sent as per prescribed time schedule and losses/ outstanding advances/ overpayments pointed out in audit are recovered in a time bound manner.*

Itanagar  
Dated: 01 August 2022

  
(CHERRING ANGRUP BODH)  
Principal Accountant General,  
Arunachal Pradesh

Countersigned

New Delhi  
Dated: 02 August 2022

  
(GIRISH CHANDRA MURMU)  
Comptroller and Auditor General of India





**APPENDICES**



**Appendix 2.1 (A)**  
**Statement showing the details of sample District-wise [SBM (G)] selection of**  
**number of IHHs, anganwadi centres and schools**

(Reference: Paragraph-2.2.6; Page-11)

Name of Topography	Districts (IHL)	District selected (No. of IHL selected)	In Sample District		
			Beneficiary interacted	Anganwadi Centres covered	Schools covered
(In nos.)					
<b>Higher Himalaya</b>	East Kameng (9,304)	East Kameng (9,304)	80	20	19
	Upper Subansiri (8,609)				
	Shi-Yomi (2,130)				
	Upper Siang (3,769)				
	Kurung Kumey (6,396)				
	Kra-Dadi (6,924)				
	Total (37,132)				
<b>Lesser Himalaya</b>	West Kameng (10,995)	West Kameng (10,995)	80	24	20
	West Siang (2,435)				
	Siang (3,542)				
	Total (16,972)				
<b>Sub Himalaya</b>	Pakke Kessang (2,358)	Papumpare (16,061)	80	20	17
	Papumpare (16,061)				
	Lower Subansiri (4,478)				
	Kamle (2,977)				
	Lower Siang (2,079)				
	Lappe Rada (2,128)				
	East Siang (3,368)				
	Lower Dibang Valley (5,114)				
	Total (38,563)				
<b>Mishmi Hills</b>	Dibang Valley (1,804)	Lohit (5,967)	80	26	24
	Anjaw (4,582)				
	Lohit (5,967)				
	Total (12,353)				
<b>Arakan Youma Mountains</b>	Changlang (9,286)	Changlang (9,286)	80	20	17
	Tirap (6,116)				
	Longding (4,247)				
	Namsai (7,765)				
	Total (27,414)				
<b>Tethys Himalaya</b>	Tawang (3900)	No District selected			
<b>Total</b>		<b>51,613</b>	<b>400</b>	<b>110</b>	<b>97</b>

Source: Departmental records

**Appendix 2.1 (B)**  
**Statement showing the details of sample District-wise [SBM (U)] selection of**  
**number of IHHs**

*(Reference: Paragraph-2.2.6; Page-11)*

Name of Topography	Districts (IHHL)	Capital of the district* selected (No. of IHHL selected)	Beneficiary interacted in the sampled urban centres (in no.)
<b>Higher Himalaya</b>	East Kameng (9,304)	Seppa (640)	40
	Upper Subansiri (8,609)		
	Shi-Yomi (2,130)		
	Upper Siang (3,769)		
	Kurung Kumey (6,396)		
	Kra-Dadi (6,924)		
	<b>Total (37,132)</b>		
<b>Lesser Himalaya</b>	West Kameng (10,995)	Bomdila (192)	40
	West Siang (2,435)		
	Siang (3,542)		
	<b>Total (16,972)</b>		
<b>Sub Himalaya</b>	Pakke Kessang (2,358)	Itanagar (820)	40
	Papumpare (16,061)		
	Lower Subansiri (4,478)		
	Kamle (2,977)		
	Lower Siang (2,079)		
	Lappe Rada (2,128)		
	East Siang (3,368)		
	Lower Dibang Valley (5,114)		
	<b>Total (38,563)</b>		
<b>Mishmi Hills</b>	Dibang Valley (1,804)	Tezu (1,601)	40
	Anjaw (4,582)		
	Lohit (5,967)		
	<b>Total (12,353)</b>		
<b>Arakan Youma Mountains</b>	Changlang (9,286)	Changlang (205)	40
	Tirap (6,116)		
	Longding (4,247)		
	Namsai (7,765)		
	<b>Total (27,414)</b>		
<b>Tethys Himalaya</b>	Tawang (3,900)	No District selected	
<b>Total</b>		<b>3,458</b>	<b>200</b>

Name of the District	Capital
East Kameng	Seppa
West Kameng	Bomdila
Papumpare	Itanagar
Lohit	Tezu
Changlang	Changlang

Source: Departmental records

**Appendix 2.2****Delay in release of Central Share (CS) and State Share (SC) in respect of SBM (U)***(Reference: Paragraph-2.2.13.1.3; Page-18)***(₹ in lakh)**

<b>Date of release of CS by MoHUA</b>	<b>Amount released as CS</b>	<b>Date of release of CS by the State</b>	<b>Delay after the stipulated 30 days</b>	<b>State Share</b>	<b>Date of Release</b>	<b>Delay after the stipulated 30 days</b>
30-03-2015	936.00	28-10-2015	183	105.70	10.02.2017	616
19-11-2015	121.04	30-03-2016	103			351
03-01-2017	171.00	10-10-2017	194	74.00	06.12.2017	322
20-03-2017	302.00		175			322
29-03-2017	99.61		166			322
04-12-2017	93.39		152			322
24-10-2017	163.37	14-08-2018	265	Not released as on March 2020		
17-01-2018	110.59	02-11-2019	361	12.29	11.02.2019	375
10-11-2018	253.20	03-09-2019	120	28.13	09.03.2019	104
20-03-2019	56.00	15-10-2019	180	6.22	15.10.2019	194
20-03-2019	315.00	15-10-2019	180	35.00	15.10.2019	194

*Source: Departmental records*

**Appendix 2.3**  
**Delay in release of fund in respect of SBM (G)**

(Reference: Paragraph-2.2.13.2.2; Page-19)

(₹ in lakh)

Sl. No.	Centre			State			Delay	Stipulated days of release	Actual Delay in days
	Sanction Order No.	Date	Amount	Sanction Order No.	Date	Amount			
1.	W.11023/01/2014-NBA, 09/2014	27-06-14	592.19	SECTT/PHE(S)-16/2014	29-12-14	1,023.14	170	15	155
2.	W.11023/01/2014-NBA, 08/2014	27-06-14	430.95	SECTT/PHE(S)-16/2014	29-12-14	1,023.14	170	15	155
3.	S-12011/19/2015-SBM	23-03-15	168.21	SECTT/PHE(S)-31/2015	25-08-15	438.23	140	15	125
4.	S-12011/19/2015-SBM	23-03-15	270.02	SECTT/PHE(S)-31/2015	25-08-15	438.23	140	15	125
5.	S-12011/32/2015-SBM, 64/2015-16	22-06-15	725.46	SECTT/PHE(S)-35/2015	21-09-15	1,219.67	76	15	61
6.	S-12011/32/2015-SBM, 63/2015-16	22-06-15	494.21	SECTT/PHE(S)-35/2015	21-09-15	1,219.67	76	15	61
7.	S-12011/19/2015-SBM, 132/2015-16	29-02-16	1,927.01	SECTT/PHE(S)-88/2016	31-03-16	2,651.47	16	15	1
8.	S-12011/19/2015-SBM, 133/2015-16	29-02-16	724.46	SECTT/PHE(S)-88/2016	31-03-16	2,651.47	16	15	1
9.	S-12011/2/2016-SBM, 21/2016-17	13-04-16	301.27	SECTT/PHE(S)-02/2016	21-09-16	968.51	146	15	131
10.	S-12011/2/2016-SBM, 22/2016-17	13-04-16	171.39	SECTT/PHE(S)-02/2016	21-09-16	968.51	146	15	131
11.	S-12011/1/2017-SBM, 27/2017-18	27-04-16	3,411.76	SECTT/PHE(S)-35/2017	22-06-17	6,654.95	406	15	391
12.	S-12011/1/2017-SBM, 28/2017-18	27-04-16	3,243.19	SECTT/PHE(S)-35/2017	22-06-17	6,654.95	406	15	391
13.	S-12011/19/2015-SBM, 77/2016-17	25-05-16	250.58	SECTT/PHE(S)-02/2016	21-09-16	968.51	104	15	89
14.	S-12011/19/2015-SBM, 78/2016-17	25-05-16	245.27	SECTT/PHE(S)-02/2016	21-09-16	968.51	104	15	89
15.	S-12011/19/2015-SBM, 163/2016-17	31-10-16	814.65	SECTT/PHE(S)-06/2016	06-01-17	1,429.72	52	15	37
16.	S-12011/19/2015-SBM, 164/2016-17	31-10-16	615.07	SECTT/PHE(S)-06/2016	06-01-17	1,429.72	52	15	37
17.	S-12011/19/2015-SBM, 224/2016-17	12-01-17	1,412.47	SECTT/PHE(S)-22/2017	22-02-17	2,398.23	26	15	11
18.	S-12011/19/2015-SBM, 225/2016-17	12-01-17	985.76	SECTT/PHE(S)-22/2017	22-02-17	2,398.23	26	15	11
19.	S-12011/19/2015-SBM, 242/2016-17	14-02-17	940.18	SECTT/PHE(S)-42/2017	18-10-17	2,000.00	231	15	216
20.	S-12011/19/2015-SBM, 243/2016-17	14-02-17	772.74	SECTT/PHE(S)-42/2017	18-10-17	2,000.00	231	15	216
21.	S-12011/19/2015-SBM, 157/2017-18	02-02-18	1,130.61	SECTT/PHE(S)-715/2017	15-03-18	2,000.00	26	15	11
22.	S-12011/19/2015-SBM, 158/2017-18	02-02-18	5,863.73	SECTT/PHE(S)-01/2018	16-08-18	4,994.34	180	15	165
23.	S-12011/19/2015-SBM, 73/2018-19	13-09-18	392.31	SECTT/PHE(S)-05/2018	19-11-18	2,565.5	52	15	37
24.	S-12011/19/2015-SBM, 72/2018-19	13-09-18	2,173.19	SECTT/PHE(S)-05/2018	19-11-18	2,565.5	52	15	37
25.	S-12011/19/2015-SBM, 87/2018-19	01-02-19	1,628.88	SECTT/PHE(S)-609/2018-19	10-03-19	2,565.5	22	15	7
26.	S-12011/19/2015-SBM, 86/2018-19	01-02-19	936.62	SECTT/PHE(S)-609/2018-19	10-03-19	2,565.5	22	15	7

Source: Departmental records

## Appendix 2.4

### Unauthorised expenditure on construction of Pig-sty under SLWM

(Reference: Paragraph-2.2.14.6.1; Page-36)

Voucher No.	Date	Contractor / Supplier	Name of the Village	Total Amount (In ₹)	
8	01-03-2019	G P Enterprises	Bagang Village	3,14,720	
9	01-03-2019			1,88,199	
10	01-03-2019		Laching Bagang Village	1,97,081	
11	02-03-2019			3,14,720	
12	02-03-2019			1,88,199	
13	02-03-2019			1,97,081	
14	02-03-2019	Tapung Nabom	Keko GP	1,00,000	
15	02-03-2019	TayumTok	Ngoleko	1,00,000	
16	02-03-2019	Kamal Tallong		1,00,000	
24	02-03-2019	Mabo Sapung	Sopung Village	2,76,123	
26	03-03-2019	Tai Lollen	Namorah GP	2,28,000	
27	03-03-2019	Binu Wange	Seba Village	4,23,983	
28	03-03-2019	BabingTok	Dikhalmukh Village	2,28,000	
30	03-03-2019	Rakung Wage	Dipik GP	1,71,000	
31	03-03-2019	Raghu Kino		1,71,000	
36	03-03-2019	Eisha Nabum	Keko GP	1,00,000	
37	03-03-2019	Yajo Nabum		1,00,000	
38	03-03-2019	Radhe Nabum		1,00,000	
39	03-03-2019	Darsi Nabam		1,00,000	
40	03-03-2019	Henia Nabom		1,00,000	
41	03-03-2019	Yaane Nabom		1,00,000	
42	03-03-2019	Rich Nabum	Sachung GP	1,00,000	
43	03-03-2019	Nyikya Nabum		1,00,000	
44	03-03-2019	Takomnabum		1,00,000	
45	03-03-2019	Sita Nabum		1,00,000	
48	03-03-2019	Mekaptok	Keko GP	1,00,000	
55	18-03-2019	Saju Rigam	Hari Nablam GP	2,24,000	
56	18-03-2019	Fenia Bokar	Bokar GP	1,68,000	
57	18-03-2019			1,12,000	
58	18-03-2019			Manu Tajo Rigam	1,68,000
59	18-03-2019			Aya Rigam	2,24,000
60	18-03-2019			Chinkung Kamchung	2,80,000
61	18-03-2019			Pandy Para	2,80,000
62	18-03-2019			Saju Fachang	1,12,000
63	18-03-2019			Jalley Fachang	2,24,000
64	18-03-2019			Kardu Fachang	Fachang GP
65	18-03-2019	Gama Tabri	Tabri GP	2,80,000	
66	18-03-2019	Lungrang Bokar	Bokar GP	1,12,000	
67	18-03-2019	Mohan Bokar		1,68,000	
68	18-03-2019	Talo Natung	Seba Village	2,76,123	
69	18-03-2019	Mukesh Sopung	Sopung Village	4,23,983	
70	18-03-2019	Adder Nayu	Hari Nablam GP	3,36,000	
71	18-03-2019	Along Dangni	Pipu GP	1,68,000	
72	18-03-2019	Karo Bagang	Wada Bagang	3,14,720	
73	18-03-2019			1,88,160	
76	18-03-2019	Sambo Bengde	Bengd Village	1,88,180	
77	18-03-2019			3,14,720	
102	28-03-2019	Tabing Jomoh	Jomoh Village	95,465	
103	28-03-2019			1,57,360	
104	28-03-2019			Blea Jomoh	1,57,360
110	28-03-2019	Tamoli Tana	Lower Liyak	1,97,100	
115	28-03-2019	Nachung Bagang	Jayang Bagang	3,14,720	
<b>Total</b>				<b>1,00,05,997</b>	

Source: Departmental records

**Appendix 2.5**  
**Statement showing the Open Defecation Free (ODF) Status in the State**

(Reference: Paragraph-2.2.16.1.1; Page-42)

Town which have been declared ODF by GoI after verification by Quality Council of India				Town which are yet to declare ODF by GoI			
Sl. No.	Town	Sl. No.	Town	Sl. No.	Town	Sl. No.	Town
1.	Aalo	9.	Koloriang	1.	Itanagar	10.	Sagalee
2.	Basar	10.	Miao	2.	Naharlagun	11.	Palin
3.	Boleng	11.	Namsai	3.	Hawai	12.	Daporijo
4.	Bomdila	12.	Pasighat	4.	Longding	13.	Dumporijo
5.	Changlang	13.	Roing	5.	Seppa	14.	Mariyang
6.	Deomali	14.	Tawang	6.	Yingkiong	15.	Anini
7.	Dirang	15.	Tezu	7.	Raga	16.	Doimukh
8.	Khonsa	16.	Ziro	8.	Pangin	17.	Kimin
				9.	Jairampur		

Source: Departmental records

## Appendix 2.6

### Statement showing the details of Physical verification of beneficiaries

(Reference: Paragraph-2.2.16.2; Page-44)

- ⇒ Out of 600 IHHs [SBM (G): 400 IHHs and SBM (U): 200 IHHs] physically verified, 566 IHHs [SBM (G): 389 IHHs and SBM (U): 177 IHHs] had access to toilet.
- ⇒ 174 [SBM (G): 115 IHHs and SBM (U): 59 IHHs] IHHs had running water facility in their toilets and 390 [SBM (G): 274 IHHs and SBM (U): 116 IHHs] IHHs used to carry water from distance to their toilets.
- ⇒ 526 [SBM (G): 381 IHHs and SBM (U): 145 IHHs] IHHs used Closed Septic Tank for disposal of faeces, 19 IHHs [SBM (G): eight IHHs and SBM (U): 11 IHHs] used open pit for disposal of faeces, six toilets [SBM (G): three IHHs and SBM (U): three IHHs] were katcha toilets, five IHHs [SBM (U): five IHHs] disposed into the nearby stream for disposal of faeces.
- ⇒ 50 IHHs [SBM (G): 22 IHHs and SBM (U): 28 IHHs] resorted to open defecation.
- ⇒ 510 IHHs [SBM (G): 384 IHHs and SBM (U): 126 IHHs] used manual scavenging method to empty their tanks.
- ⇒ 152 IHHs [SBM (G): 100 IHHs and SBM (U): 52 IHHs] had children below three years out of which 45 IHH [SBM (G): 30 IHHs and SBM (U): 15 IHHs] dispose children faeces in toilet, 12 IHHs [SBM (G): 10 IHHs and SBM (U): 2 IHHs] burry it in soil, 62 IHHs [SBM (G): 19 IHHs and SBM (U): 43 IHHs] throw children faeces in open places, 16 IHHs [SBM (G): 12 IHHs and SBM (U): four IHHs] burn it in open, eight IHHs [SBM (G): one IHH and SBM (U): seven IHHs] throw it in dustbin and five IHHs [SBM (U): five IHHs] throw children faeces into river.
- ⇒ 501 IHHs [SBM (G): 363 IHHs and SBM (U): 138 IHHs] had knowledge about hygenic practices and 586 IHHs [SBM (G): 393 IHHs and SBM (U): 193 IHHs] use of soap after toilet
- ⇒ 150 IHHs [SBM (G): 96 IHHs and SBM (U): 54 IHHs] were aware of segregation of waste at source, 135 IHHs [SBM (U): 135 IHHs] had the facility of door to door collection of waste.
- ⇒ 284 IHHs [SBM (G): 186 IHHs and SBM (U): 98 IHHs] had water storage facility in their toilets.

Source: Joint Physical verification by the Audit Team and Department Officials

**Appendix 3.1**  
**List of schemes implemented by the Department**  
(Reference: Paragraph-3.2.1; Page-54)

Sl. No.	Name of Scheme	Total Expenditure (₹ in lakh)
<b>State Plan Schemes with 100 per cent cost borne by GoAP</b>		
1.	Mushroom Development Programme	168.00
2.	Capital Floriculture & Kitchen garden Programme	157.00
3.	Mushroom Development Programme	60.00
4.	Fruit Preservation Programme	39.94
5.	Upgradation/ Maintenance of Bio-Control Laboratory	28.00
6.	Upgradation of Tissue Culture Laboratory	70.00
7.	Horti Information & Statistics	76.78
8.	Horti Fair & Exhibitions	74.80
9.	Research & Dev Programme	145.10
10.	Upgradation/ Maintenance of Farms & Nurseries	924.98
11.	Horti Marketing	305.00
12.	Plant Protection Measures	40.00
13.	Legal Standing Counsel	7.45
14.	One time Corpus Fund [State Horticulture Research & Development Institute (SHRDI)]	500.00
15.	Geographical Indication (GI)	50.00
16.	Plantation materials for Cash Crops	1500.00
17.	Horti Research & Development (R&D) Programme	87.60
18.	Farmers Income Survey for doubling farmer's income by 2022	99.99
19.	Project on promoting floriculture involving women entrepreneur/ Self Help Group (SHG) sector	40.00
20.	Cultivation of Indigenous edible Mushroom at State Horticulture Farm, Shergaon	3.00
21.	Ex-Situ conservation of Paris Pollyphylla at State Horti Farm, Shergaon for development of package of practices	4.00
22.	Data Based yield of Horticulture Crops	92.25
23.	Foundation training of Horticulture field staff	120.00
24.	Construction of (C/o) Drip Irrigation-cum-Micro Irrigation Project to bring 32 Ha of Orange Orchards and Agri fields at KS Motam Area, Dambuk	84.00
25.	Cluster Based expansion of Horticulture area with crop specific approach	1057.30
26.	C/o Office & Residential building for six newly created districts (Longding, Namsai, Siang, Lower Siang, Kra Daadi and Kamle)	123.00
27.	C/o Nursery and R&D centre for Kiwi at Ziro	211.07
28.	Integrated Pack House in PPP mode for Kiwi	50.00
29.	Orange Nursery R&D and Referral Centre at Roing	211.07

Sl. No.	Name of Scheme	Total Expenditure (₹ in lakh)
30.	C/o of Auction and collection centre of Cardamom at Kimin, Namsai and Bhalukpong	86.63
31.	Integrated Pack House at Dambuk and Pasighat for Orange	50.00
32.	Community Cardamom Garden Development at Kampu at Pinging Village [State Infrastructure Development Fund (SIDF)]	50.00
33.	Plantation of Large Cardamom at Manimiksa under Dirang (Ph-I under SIDF)	20.00
34.	Cultivation of Large Cardamom Garden at Khalaktang Area	100.00
35.	Cultivation of Large Cardamom Garden at Kodak Village	50.00
36.	Cultivation of Large Cardamom Garden at Riamuk Village	50.00
37.	Cultivation of Large Cardamom Garden at Poda Mara Area	50.00
38.	Cultivation of Large Cardamom Garden at Koloriang, Parsi Parlo & Polosang Admn. Circle	200.00
39.	Palntation of Litchi at Longding & Pumao Circle	100.00
40.	Establishment of Large Cardamom Garden at Rayee Panchayat under Toru circle in Pampumpare	73.04
41.	Infrastructure development for Bio resources Mission by State Horticulture Research Development Institute	200.00
42.	Area Expansion Prog of Medicine & Aromatic Plants	10.00
43.	Installation of Improved Large Cardamom Driers in Farmers field	400.00
44.	Alternate livelihood for Cannabi in West Kameng District	70.74
45.	CM's Sashakt Kisan Yojana	5651.76
<b>Sub-Total</b>		<b>13492.50</b>
<b>Central Sponsored Schemes with cost sharing ratio of 90:10 between GoI &amp; GoAP</b>		
1.	NEC Scheme (21 Projects)	5513.78
2.	Mission Integrated Development of Horticulture (MIDH)	6936.00
3.	Per Drop more Crop under PMKSY	1771.44
4.	Rashtriya Krishi Vikas Yojana (RKVY)	1210.70
<b>Sub-Total</b>		<b>15431.92</b>
<b>NABARD Schemes with 90 per cent loan from NABARD and 10 per cent borne by GoAP</b>		
1.	Plantation of fruits, nuts & spices in Kalaktang and Rupa Block in West Kameng [Rural Infrastructure Development Fund (RIDF)]	554.53
<b>Sub-Total</b>		<b>554.53</b>
<b>Total</b>		<b>29478.95</b>

Source: Departmental records

### Appendix 3.2 Details of fund requirement, released and expenditure under MIDH

(Reference: Paragraph 3.2.8.3; Page-61)

(₹ in crore)

Year	Requirement as per AAP	Amount due from		Amount released		Opening Balance	Amount released by State Govt. to SHM		Interest received	Total amount available with SHM	Expenditure/ Amount released by SHM to implementing agency /unit	Closing Balance	Percentage of expenditure vis-à-vis of Available fund
		GoI share	GoAP share	GoI share	GoAP share		GoI share	GoAP share					
2015-16	39.44	35.50	3.94	35.50	3.94	1.57	29.52	1.78	0.40	33.27	23.79	9.47	71.51
2016-17	35.89	32.30	3.59	0.00	0.00	9.47	29.74	0.00	0.86	40.07	7.54	32.53	18.82
2017-18	35.89	32.30	3.59	0.00	0.00	32.53	0.00	2.16	1.08	35.77	25.20	10.58	70.45
2018-19	28.89	26.00	2.89	20.00	2.22	10.58	20.00	2.22	1.07	33.87	1.80	32.07	5.31
2019-20	27.81	25.01	2.78	12.50	1.39	32.07	5.00	0.56	1.24	38.87	11.03	27.84	28.38
<b>Total</b>	<b>167.92</b>	<b>151.13</b>	<b>16.79</b>	<b>68.00</b>	<b>7.55</b>	<b>--</b>	<b>84.26</b>	<b>6.72</b>	<b>4.65</b>	<b>95.64</b>	<b>69.36</b>	<b>--</b>	<b>71.36</b>

Source: Departmental records

Note: (1) Out of ₹84.26 crore of GOI Share released by GoAP to SHM during 2015-20, an amount of ₹23.76 crore pertained to 2014-15 released by GoAP in 2015-16. Therefore, total amount actually received against AAP of 2015-20 was ₹60.50 crore (2) GOI share of ₹29.74 crore released by GoAP in 2016-17 pertained to 2015-16.

**Appendix 3.3**  
**Details of NEC funded project**  
*(Reference: Paragraph-3.2.8.3; Page-61)*

Sl. No.	NEC Project	Sanction date	Approved Cost	NEC's share	State's share	NEC Release (Date)	NEC Release (Amount)	SG Release date	SG Release amount	Date of release of State Share	State share release (Amount)	Schedule date of completion	Status (completed/ ongoing/ closed)
1	2	3	4	5	6	7	8	9	10	11	12	14	15
1.	Compact Area Horticulture Garden with Orange, Pineapple and Banana Cultivation at Radum	26-03-2012	229.60	206.64	22.96	26-03-2012	103.00	10-09-2012	103.00	19-03-2018	10.30	31-03-2015	Closed by NEC on 21/05/2018
			<b>229.60</b>	<b>206.64</b>	<b>22.96</b>	--	--	82.66	09-10-2015	82.66	19-03-2018	8.27	--
2.	Establishment of orange/ Large Cardamom Garden at Rikung village under Chetam circle	07-09-2012	279.00	251.10	27.90	19-09-2012	100.44	05-12-2012	100.44	NA	0.00	September 2015	Closed by NEC on 21/05/2018
			<b>279.00</b>	<b>251.10</b>	<b>27.90</b>	--	--	100.44	02-02-2015	100.44	NA	0.00	--
3.	Cultivation of Citronell in Pongchau and Wakka circles (Location: Tirap district)	23-11-2012	491.80	442.62	49.18	23-11-2012	177.00	23-03-2013	177.00	NA	0.00	November 2015	Closed by NEC on 21/05/2018
			<b>491.80</b>	<b>442.62</b>	<b>49.18</b>	--	--	177.00	--	177.00	--	0.00	--
4.	Cultivation of Orange Garden at Haider village at Baririjo circle	15-02-2013	360.84	324.75	36.09	15-02-2013	129.90	13-06-2013	129.90	19-03-2018	12.99	February 2016	Closed by NEC on 21/05/2018
			<b>360.84</b>	<b>324.75</b>	<b>36.09</b>	16-6-2015	129.90	01-11-2016	129.90	19-3-2018	--	12.99	--
5.	Establishment of Orange cum Pineapple Garden at Kamrung Hotka of Pech Hoj village	20-11-2013	400.00	360.00	40.00	20-11-2013	144.00	NA	144.00	NA	0.00	November 2016	Under CBI investigation
			<b>400.00</b>	<b>360.00</b>	<b>40.00</b>	15-12-2014	144.00	NA	144.00	NA	NA	0.00	--
6.	Cultivation of large Cardamom at Khakam, Longchan, Wakka and Pongchau	15-02-2014	500.00	450.00	50.00	15-02-2014	90.00	19-08-2014	90.00	12-03-2018	9.00	February 2017	Closed by NEC on 20/03/2019
			<b>500.00</b>	<b>450.00</b>	<b>50.00</b>	03-02-2016	270.00	26-09-2016	270.00	12-03-2018	--	27.00	--
7.	Cultivation of Orange and Large Cardamom at Dumba in Tungte village	28-02-2014	500.00	450.00	50.00	28-2-2014	90.00	08-07-2014	90.00	19-02-2015	10.00	February 2017	Closed by NEC on 20/03/2019
			<b>500.00</b>	<b>450.00</b>	<b>50.00</b>	15-6-2015	270.00	06-10-2015	270.00	05-03-2018	--	26.00	--
			<b>500.00</b>	<b>450.00</b>	<b>50.00</b>	--	<b>360.00</b>	--	<b>360.00</b>	--	<b>36.00</b>	--	--
						--	<b>360.00</b>	--	<b>360.00</b>	--	<b>36.00</b>	--	--

Sl. No.	NEC Project	Sanction date	Approved Cost	NEC's share	State's share	NEC Release (Date)	NEC Release (Amount)	SG Release date	SG Release amount	Date of release of State Share	State share release (Amount)	Schedule date of completion	Status (completed/ ongoing/ closed)	
1	2	3	4	5	6	7	8	9	10	11	12	14	15	
8.	Estd. of Mandrin orange, Guava and large Cardamom Garden under Tegiso, Naya Happa of Pech village	13-06-2014	360.00	324.00	36.00	13-6-2014	129.60	21-01-2015	129.60	15-03-2018	12.96	June 2017	Ongoing	
			360.00	324.00	36.00	26-4-2018	129.60	05-03-2020	129.60	--	--	12.96	--	--
9.	Plantation of Large Cardamom, Walnut, William Pears, Ginger and Chilly at Lazu and dadam Circle	16-12-2014	408.00	367.20	40.80	16-12-2014	146.88	06-07-2015	146.88	27-02-2018	14.69	14.69	December 2017	Closed by NEC on 20/03/2019
			408.00	367.20	40.80	--	146.88	--	146.88	--	--	14.69	--	--
10.	Cultivation of Large cardamom in various districts	13-04-2016	662.87	596.58	66.29	13-04-2016	238.63	22-02-2017	238.63	19-02-2018	23.86	23.86	April 2019	Ongoing
			662.87	596.58	66.29	09-06-2020	357.95	21-10-2020	357.95	21-10-2020	21-10-2020	42.43	42.43	--
11.	Cash crops with intercropping of pineapple/ banana garden at Sika - Bramin Tode, Rani, Magnang, 12-Mile, Sille etc.	13-04-2016	399.00	359.10	39.90	13-04-2016	143.64	22-02-2017	143.64	21-03-2018	14.36	14.36	April 2019	Ongoing
			399.00	359.10	39.90	01-10-2019	215.46	20-03-2020	215.46	20-03-2020	20-03-2020	25.54	25.54	--
12.	Large cardamom cultivation at Pitam area of Sindak village	12-04-2017	400.00	360.00	40.00	12-04-2017	144.00	05-02-2018	144.00	NA	0.00	0.00	April 2020	Ongoing
			400.00	360.00	40.00	20-02-2019	144.00	05-09-2019	144.00	05-09-2019	05-09-2019	16.00	16.00	--
13.	Establishment of Large cardamom garden at Nibi-Leba village	30-01-2018	480.00	480.00	0.00	30-01-2018	10.00	20-03-2018	10.00	--	0.00	0.00	January 2021	Closed by NEC on 22/04/2020
			480.00	480.00	0.00	--	10.00	--	10.00	--	--	0.00	--	--
14.	Establishment of Biotechnology Training and development centre at Ziro.	25-03-2011	398.44	358.60	39.84	25-05-2011	143.44	15-12-2011	143.44	06-01-2012	14.00	14.00	March 2013	Closed by NEC on 21/05/2018
			398.44	358.60	39.84	--	--	--	--	--	26-03-2013	30.00	30.00	--
15.	Cultivation of Hi-tech Orange garden at Lutak Area of Gensi Circle.	26-03-2012	242.89	218.60	24.29	26-03-2012	121.50	15-10-2012	121.50	NA	0.00	0.00	March 2016	Closed by NEC on 21/05/2018
			242.89	218.60	24.29	15-12-2014	70.00	22-3-2016	70.00	NA	NA	0.00	0.00	--
			242.89	218.60	24.29	--	191.50	--	191.50	--	0.00	--	--	--

Sl. No.	NEC Project	Sanction date	Approved Cost	NEC's share	State's share	NEC Release (Date)	NEC Release (Amount)	SG Release date	SG Release amount	Date of release of State Share	State share release (Amount)	Schedule date of completion	Status (completed/ ongoing/ closed)
1	2	3	4	5	6	7	8	9	10	11	12	14	15
16.	Organic cultivation of Kiwi and large Cardamom at Ziro, Lower Subansiri	05-09-2011	489.36	440.42	48.94	05-09-2011	176.17	21-2-2012	176.17	06-01-2012	17.62	August 2015	Closed by NEC on 21/05/2018
			489.36	440.42	48.94	--	352.34	--	352.34	--	35.23	--	--
17.	Establishment of Kiwi garden at Dora Morey at Hija Village under Lower Subansiri	23-03-2012	309.78	278.80	30.98	23-03-2012	155.00	16-11-2012	155.00	08-07-2016	15.50	March 2016	Closed by NEC on 21/05/2018
			309.78	278.80	30.98	15-06-2015	70.00	02-11-2015	70.00	08-07-2016	7.00	--	--
			309.78	278.80	30.98	--	225.00	--	225.00	--	22.50	--	--
18.	Establishment of Orange Garden at Rantiwa of Mebua-III Village, Seppa Circle	26-03-2012	300.00	270.00	30.00	26-03-2012	150.00	6-8-2012	150.00	27-12-2012	15.00	March 2015	Ongoing
		26-03-2012	300.00	270.00	30.00	28-11-2014	70.00	20-03-2015	70.00	04-03-2015	7.00	March 2015	Ongoing
		26-03-2012	300.00	270.00	30.00	28-02-2017	50.00	15-06-2017	50.00	--	--	--	--
			300.00	270.00	30.00	--	270.00	--	270.00	--	22.00	--	--
19.	Cultivation of orange at Hina Village of Chetam circle of Giba.	30-01-2014	391.68	352.51	39.17	30-01-2014	141.00	19-3-2014	141.00	--	--	January 2017	Completed on 07/11/2017
		30-01-2014	391.68	352.51	39.17	15-12-2014	141.00	22-6-2015	141.00	22-01-2016	--	--	--
		30-01-2014	391.68	352.51	39.17	24-02-2017	70.51	15-6-2017	70.51	12-03-2018	10.97	--	--
			391.68	352.51	39.17	--	352.51	--	352.51	--	39.17	--	--
20.	Integrated Horticulture development in Ambam Area under Lower Subansiri Dist	16-03-2006	107.09	96.38	10.71	16-03-2006	42.81	10-10-2006	42.81	26-03-2012	10.71	March 2007	Completed on 23/11/2017
		16-03-2006	107.09	96.38	10.71	23-02-2007	31.50	02-07-2007	31.50	--	--	--	--
		16-03-2006	107.09	96.38	10.71	10-12-2007	10.00	25-03-2008	10.00	--	--	--	--
		16-03-2006	107.09	96.38	10.71	23-09-2015	12.07	13-02-2016	12.07	--	--	--	--
			107.09	96.38	10.71	--	96.38	--	96.38	--	10.71	--	--
21.	Cultivation of Hi-tech Orange Garden at Logyi Area of Karbak Village.	22-03-2010	150.00	135.00	15.00	22-03-2010	54.00	30-6-2010	54.00	27-03-2011	15.00	March 2012	Completed on 30/06/2017
		22-03-2010	150.00	135.00	15.00	06-09-2011	54.00	8-12-2011	54.00	--	--	--	--
		22-03-2010	150.00	135.00	15.00	28-11-2014	27.00	16-09-2015	27.00	--	--	--	--
			150.00	135.00	15.00	--	135.00	--	135.00	--	15.00	--	--
			7860.35	7122.30	738.05	--	5329.27	--	5329.27	--	472.51	--	--
			7460.35	6762.30	698.05	--	5041.27	--	5041.27	--	472.51	--	--
<b>Grand Total</b>													
<b>Minus Project at Sl. No. 5 (6)</b>													

Source: Departmental records

**Appendix 3.4**  
**Fund allocation and release under PMKSY**

(Reference: Paragraph-3.2.8.3; Page-61)

(₹ in lakh)

Sl. No.	Year	Amount allocated by GoI	GoI Release	GoAP release of GoI share	GoAP Release of State Share	Total release	Release to Districts
1.	2016-17	75.00	70.00	70.00	7.00	77.00	73.00
2.	2017-18	100.00	0.00	0.00	0.00	0.00	0.00
3.	2018-19	2,500.00	625.00	625.00	69.44	694.44	669.50
4.	2019-20	2,500.00	900.00	900.00	100.00	1,000.00	976.57
<b>Total</b>		<b>5,175.00</b>	<b>1,595.00</b>	<b>1,595.00</b>	<b>176.44</b>	<b>17,71.44</b>	<b>1719.07</b>

*Source: Departmental records*

### Appendix 3.5 Implementation of Area Expansion programme

(Reference: Paragraph-3.2.8.12; Page-69)

Name of District	Name of crop	Year	Area covered (in Ha)	Planting material required for one Ha	Planting material required	Planting material procured	Shortage of planting material	Percentage of shortage
East Siang	Banana (Sucker)	2015-16	9	2,000	18,000	13,500	4,500	25
	Banana [Tissue Culture (TC)]	2015-16	5	2,586	12,930	7,500	5,430	42
	Pineapple (Sucker)	2015-16	9	23,333	2,09,997	54,000	1,55,997	74
	Litchi	2015-16	5	811	4,055	1,830	2,225	55
	Oranage	2015-16	23	400	9,200	8,418	782	9
	Banana (TC)	2017-18	8	2,586	20,688	9,000	11,688	56
	Ginger	2017-18	60	750	45,000	36,000	9,000	20
Upper Siang	Large Cardamom	2015-16	25	3,085	77,125	44,000	33,125	43
	Kiwi	2017-18	5	416	2,080	750	1,330	64
	Banana (TC)	2017-18	5	2,586	12,930	6,750	6,180	48
	Pineapple (Sucker)	2015-16	5	23,333	1,16,665	30,000	86,665	74
	Ginger	2017-18	50	750	37,500	20,250	17,250	46
Lower Subansiri	Large Cardamom	2015-16	20	3,085	61,700	44,319	17,381	28
	Litchi	2015-16	3	811	2,433	1,500	933	38
	Banana (TC)	2017-18	3	2,586	7,758	4,052	3,706	48
	Ginger	2017-18	40	750	30,000	15,000	15,000	50
<b>Total</b>	Large Cardamom	2015-16	10	3,085	30,850	21,595	9,255	30
			<b>285</b>	<b>--</b>	<b>6,98,911</b>	<b>3,18,464</b>	<b>3,80,447</b>	<b>54</b>

Source: Departmental records

**Appendix 3.6**  
**Details of Expenditure incurred in Establishment of Biotechnology Training and Development Centre in Ziro**

(Reference: Paragraph-3.2.8.15(i); Page-74)

(₹ in lakh)

Name of Component	Sl. No.	Sub-Heads and Items of Work	Units	As per DPR		Expenditure Incurred	
				Quantity	Amount	Quantity	Amount
Establishment of Tissue Culture Laboratory	1.	Laboratory Infrastructure	-	01	38.88	-	-
	2.	Laboratory Equipment	-	01	52.08	-	-
	3.	Working Capital like chemicals for 3 years	-	-	6.60	-	-
<b>Sub-Total</b>					<b>97.56</b>	-	-
Basic Utilities	4.	Generator	-	01	2.00	-	-
	5.	Water Supply: Daily assured supply of 10,000 litres:					
		(a) Dedicated Pipe Line	-	-	2.50	-	-
	6.	(b) Overhead Reservoir for 20,000 lit. capacity	-	-	4.04	-	-
		Vehicles for easy transportation:					
	(a) Bolero	No.	01	7.00	01	7.25	
	(b) Mini Bus	No.	01	10.00	-	-	
	(c) Tata Mobile	No.	01	7.00	01	6.74	
<b>Sub-Total</b>					<b>32.54</b>	--	<b>13.99</b>
Establishment of General Infrastructure	7.	Development of construction area	Job	01	40.89	01	40.89
	8.	Construction of (C/o) of Cement Concrete Approach Road	mtr.	100	7.05	364	14.22
	9.	C/o Random Rubble Masonry Retaining (RRM) Wall	mtr.	35	9.83	35	9.83
	10.	C/o SPT-II Building	No.	06	44.74	04	22.78
	11.	C/o Security Fencing	mtr.	2,065	65.79	171	61.41
	12.	C/o of Reinforced cement concrete (RCC) Double Storage Administrative/ Office Building	No.	01	185.42	-	-
	13.	C/o SPT-III Building	No.	01	9.06	01	9.06
	14.	C/o Septic Tank	No.	03	1.36	01	1.26
	15.	Other Costs (VAT, Cess, Contingencies and Establishment Charges)	-	-	1.76	-	-
<b>Sub-Total</b>					<b>365.90</b>	-	<b>159.45</b>
<b>Total</b>					<b>496.00</b>	-	<b>173.44</b>

Source: Detailed Project Report and Quarterly Progress Report

### Appendix 3.7 Details of Tax to be deducted from suppliers bills

(Reference: Paragraph-3.3; Page-107)

(In ₹)

Sl. No.	Name of supplier	Quantity (In MT)	Rate	Amount	Transportation cost	Bill Amount	VAT (@4%)
1.	M/s BB Steel & Corporation	60.09	73,171.64	43,96,517.99	1,80,255.00	4576772.99	175860.72
2.	M/s JJK Enterprises	66.00	73,171.64	48,28,962.38	3,25,058.00	5154020.38	193158.50
3.	M/s Arunachal Sales Corporation	42.35	73,171.64	30,99,184.81	1,27,065.00	3226249.81	123967.39
	<b>Sub-Total</b>	<b>168.44</b>	--	<b>123,24,665.18</b>	<b>6,32,378.00</b>	<b>12957043.18</b>	<b>492986.61</b>
Sl. No.	Name of supplier	Quantity	Rate	Amount	Transportation cost	Bill Amount	GST (@18%)
1.	M/s MS Enterprises	282.00	59,204.66	1,66,95,714.12	36,64,914.25	2,03,60,628.37	30,05,228.54
	<b>Sub-Total</b>	<b>282.00</b>	<b>59,204.66</b>	<b>1,66,95,714.12</b>	<b>36,64,914.25</b>	<b>2,03,60,628.37</b>	<b>30,05,228.54</b>
	<b>Grand Total</b>	<b>450.44</b>	--	<b>29020379.3</b>	<b>4297292.25</b>	<b>33317671.55</b>	<b>34,98,215.15</b>

Source: Departmental records

**Appendix 3.8**  
**Statement showing the fund earmarked for districts**  
*(Reference: Paragraph-3.4; Page-111)*

**(a) Details of the work executed as per Work orders:**

Sl. No.	Name of contractor	No. of work orders issued	Item of work	Quantity (in cum)	Value of work (₹ in lakh)
1.	M/s L.K. Enterprises	31	Landslide clearance	1,15,579.24	97.84
2.	M/s Siang Earth Movers & Machineries	08	Landslide clearance	28,485.31	24.11
<b>Total</b>		<b>39</b>	<b>-</b>	<b>1,44,064.55</b>	<b>121.95</b>

Source: Departmental records

**(b) Details of the work executed as per Measurement Books:**

Sl. No.	Name of contractor	Quantity of slip clearance work (in cum)	Value of work (₹ in lakh)	Period of execution
1.	CAS Construction	1,15,579.24	97.84	May 2011 to May 2012
2.	M/s Global Enterprise	28,485.31	24.11	March 2015 to April 2015
<b>Total</b>		<b>1,44,064.55</b>	<b>121.95</b>	<b>-</b>

Source: Departmental records

**(c) Details of contractors as per Abstract of Measurement Books vis-à-vis work orders:**

Name of contractors as per:			No. of cases
Detailed MB	Abstract MB	Work Order	
M/s CAS Construction	M/s CAS Construction	M/s L.K. Enterprises	31
M/s Global Enterprise	M/s Siang Earth Movers & Machinery	M/s Siang Earth Movers & Machinery	8

Source: Departmental records

**Appendix 3.9**  
**Delay in release of fund to implementing agency**  
*(Reference: Paragraph-3.8; Page-119)*

**A. Delay in release of central share:**

(₹ in lakh)

Fund Released By the NEC			Fund Released by the State Government		Delay in Days
Instalment No. and Date	Amount	Date	Amount		
First	15 May 2015	141.24	22 February 2016	141.24	253
Second	06 February 2018	142.00	16 March 2018	142.00	8
Third	10 October 2018	69.87	07 December 2018	69.87	28

*Source: Departmental records*

**B. Delay in release of State share:**

(₹ in lakh)

Fund Released By NEC			State Share release		Delay in Days
Instalment No. and Date	Amount	Date	Amount		
First	15 May 2015	141.24	22 March 2017	13.32	677
Second	06 February 2018	142.00	11 January 2019	39.23	339
Third	10 October 2018	69.87	-	-	-

*Source: Departmental records*

**Appendix 3.10**  
**Statement showing expenditure on repair maintenance and replacement**  
*(Reference: Paragraph-3.9; Page-122)*

Sl. No.	Particulars	Units	M/s Pentafllo Hydro Pvt. Ltd.		M/s Kundu Electric
			Quantity as per Agreement	Rate (including taxes, transportation)	
<b>A.</b>	<b>Generating Plant/ Equipment</b>				
<b>1.</b>	Horizontal Francis turbine comprising of shaft, runner, casing, guide vanes, servomechanism, bearings, oil pressure unit, butterfly valve, drainage/dewatering system and cooling water system and allot	Sets	2	17586000	
<b>2.</b>	Electronic governors including electronic cabinet complete in all respect and suitable and suitable for above generating sets/ Hydro-Mechanical governor complete with all accessories	Sets	2	2121600	
<b>3.</b>	Main inlet valves capable of handling rated discharge at gross head and suitable for handling on penstocks	Sets	2	468000	
<b>4.</b>	Mandatory spare parts and maintenance tools	Lot			1185600
<b>5.</b>	Synchronous generators 625 KVA (500 KW) 415v, OB PF, 50 Hz + 3 per cent class 'F' insulation, brush less excitation terminal equipment i/c all accessories	Sets			Complete overhauling 878287
<b>6.</b>	Generator/turbine control panels including protection, metering and control system, all indicating instruments, switches etc. for 2 units (incoming & outgoing panels) with provision for synchronisation of the power house with the grid	Lot	2	1560000	
<b>B.</b>	<b>33 KV Switchyard Equipment</b>				
<b>7.</b>	630 KVA 0.415/ 33 KV step-up transformer	No.			Repair/ overhaul 850000
<b>8.</b>	33 KV Lightning Arrestor	No.			6 104400
<b>9.</b>	33 KV Isolator/ 33 GOAB Switches	Sets			3 330000
<b>10.</b>	33 KV DO Fuse unit complete with all accessories	Sets			1 620000
<b>11.</b>	GI structures, Insulators, conductor and hardware etc. for 33 KV Switchyard i/c all civil works like c/o foundation work all earth work, laying of stone chips etc., cable trenches with covers etc. as required complete	Lot			

Sl. No.	Particulars	Units	M/s Pentafllo Hydro Pvt. Ltd.		M/s Kundu Electric	
			Quantity as per Agreement	Rate (including taxes, transportation)	Quantity as per Agreement	Rate (including taxes, transportation)
12.	Control/ Relay Panels for 33 KV transformers & Feeders	Lot				Not paid till date of audit
<b>C.</b>	<b>Auxiliary Equipment &amp; General Services of Power Plant</b>					
13.	Earthing and shielding system for all equipment in power house and switchyard i/c earthmat complete	Lot			1	500000
14.	Battery Bank built with lead acid 2 volt cells of tubular type of suitable voltage and ampere hour as per calculation and automatic boost and trickle charger complete with DC distribution board i/c protection system	Lot			1	370000
15.	Power and control cable as required	Lot			1000	560000
16.	Lighting protection of Power House	Lot			4	48000
<b>Total</b>				<b>21735600</b>		<b>5446287</b>

Source: Departmental records

**Appendix 5.1**  
**Details of payment of royalty by M/s Geo Enpro Petroleum Limited**

(Reference: Paragraph-5.4; Page-134)

Year	Monthly Period	Crude Oil extracted (in MT)	Rate (in ₹)	Royalty Payable (in ₹)	Royalty Paid (in ₹)	Paid vide			(Amounts in ₹)	
						Cheque No.	Date	T.C. No.		
2014-15	April 2014	7125.98	528	37,62,517.44	37,62,516.17	871970	12/05/2014	207	21/05/2014	
	May 2014	6894.78	528	36,40,443.84	36,40,443.00	872004	17/06/2014	455	25/06/2014	
	June 2014	6319.82	528	33,36,864.96	33,36,867.00	872017	08/07/2014	531	16/07/2014	
	July 2014	6080.36	528	32,10,430.08	32,10,428.00	872045	12/08/2014	762	22/08/2014	
	August 2014	6083.93	528	32,12,315.04	32,12,314.00	318821	10/09/2014	906	19/09/2014	
	September 2014	5928.3	528	31,30,142.40	31,30,143.00	318830	14/10/2014	1033	21/10/2014	
	October 2014	5987.15	528	31,61,215.20	31,61,216.00	318837	06/11/2014	1196	20/11/2014	
	November 2014	5330.46	528	28,14,482.88	28,14,484.00	318848	11/12/2014	1421	18/12/2014	
	December 2014	5321.38	528	28,09,688.64	28,09,689.00	318860	20/01/2015	2052	23/01/2015	
	January 2015	5031.2	528	26,56,473.60	26,56,474.00	318866	12/02/2015	2474	26/02/2015	
	February 2015	4271.5	528	22,55,352.00	22,55,352.00	318880	23/03/2015	2810	30/03/2015	
	March 2015	4463.89	528	23,56,933.92	23,56,931.00	318885	09/04/2015	117	22/04/2015	
	<b>Total</b>		<b>68838.75</b>	<b>528</b>	<b>3,63,46,860.00</b>	<b>3,63,46,857.17</b>	--	--	--	--

Source: Departmental records

**Appendix 5.2**  
**Details of non-realisation of Annual Lease Rent (ALR)**  
*(Reference: Paragraph-5.5.2; Page-136)*

Year	Land Premium due for 30,352.50 Sqm. @ ₹three per Sqm.	ALR due for:		No. of year due upto November 2019	Interest (@ 15 per cent p.a.)	Total dues
	3 60,705.00 Sqm. @ ₹three per Sqm.	4 30,352.50 Sqm. @ ₹10.00 per Sqm.				
1	2	3	4	5	6	7 = 2+3+4+6
2011	0	1.82	0	9	2.46	4.28
2012	0.91	0	3.03	8	4.73	8.67
2013	0	0	3.03	7	3.18	6.21
2014	0	0	3.03	6	2.73	5.76
2015	0	0	3.03	5	2.27	5.30
2016	0	0	3.03	4	1.82	4.85
2017	0	0	3.03	3	1.36	4.39
2018	0	0	3.03	2	0.91	3.94
2019	0	0	3.03	1	0.45	3.48
<b>Total</b>	<b>0.91</b>	<b>1.82</b>	<b>24.24</b>		<b>19.91</b>	<b>46.88</b>

Source: Departmental records

**Appendix 5.3**  
**Details of unrealised Entry Tax from M/s Satyaratan Ispat (VAT TIN: 12041657192)**

(Reference: Paragraph-5.6; Page-137)

Sl. No.	Invoice No. and date	Name of Supplier	Item Description	Date of receipt	Value of import	Rate of Entry Tax (in per cent)	Entry tax due	Delay in days (upto 15 December 2019)	Interest (@ 12 per cent)	Total dues
1	2	3	4	5	6	7	8= 6 x 7	9	10 = $\{[8 \times 0.12] \times [9/365]\}$	11= 8+10
1.	0000250 dated 10.04.2017	Monnet Ispat & Energy Limited	Sponge Iron	16/04/2017	8345640.00	4	333825.60	973	106787.61	440613.21
2.	0000253 dated 10.04.2017	-do-	-do-	16/04/2017	12648708.00	4	505948.32	973	161848.02	667796.34
3.	00139 dated 13.04.2017	Maithan Alloys Ltd.	Silico Manganese	19/04/2017	854100.00	4	34164.00	970	10895.04	45059.04
4.	00148 dated 21.04.2017	-do-	-do-	22/04/2017	919800.00	4	36792.00	967	11696.83	48488.83
5.	00241 dated 15.05.2017	-do-	-do-	16/05/2017	650000.00	4	26000.00	943	8060.71	34060.71
6.	129 dated 02.06.2017	Savitri Sponge Iron Pvt. Ltd.	Sponge Iron	09/04/2017	429593.00	4	17183.72	980	5536.45	22720.17
7.	128 dated 02.06.2017	-do-	-do-	11/04/2017	436913.00	4	17476.52	978	5619.30	23095.82
8.	0003262 dated 06.06.2017	Monnet Ispat & Energy Limited	-do-	11/06/2017	9862809.00	4	394512.36	917	118937.37	513449.73

Sl. No.	Invoice No. and date	Name of Supplier	Item Description	Date of receipt	Value of import	Rate of Entry Tax (in per cent)	Entry tax due	Delay in days (upto 15 December 2019)	Interest (@ 12 per cent)	Total dues
1	2	3	4	5	6	7	8= 6 x 7	9	10 = $\left\{ \frac{8 \times 0.12}{9/365} \right\} \times$	11= 8+10
9.	0003263 dated 06.06.2017	-do-	-do-	11/06/2017	1909336.00	4	76373.44	917	23025.02	99398.46
10.	138 dated 11.06.2017	Savitri Sponge Iron Pvt. Ltd.	-do-	21/06/2017	920795.00	4	36831.80	907	10982.94	47814.74
<b>Total</b>					<b>36977694.00</b>	--	<b>1479107.76</b>	--	<b>463389.29</b>	<b>1942497.05</b>

Source: Departmental records

**Appendix 5.4 A**  
**Details of non-filing of Quarterly VAT Returns (FF-01)**

(Reference: Paragraph-5.7; Page-138)

(Amount in ₹)

Sl. No.	Name of the Firm	Tax period	Due date of return	Delay in submitting returns (Upto 15 January 2020)	Late fee	year
1.	M/s Angi Enterprise TIN: 12120322172	Q4	28/04/2016	More than 100 days	10000	2015-16
		Q1	28/07/2016		10000	2016-17
		Q2	28/10/2016		10000	
		Q3	28/01/2017		10000	
		Q4	28/04/2017		10000	
		Q1	28/07/2017		10000	2017-18
2.	M/s Changlang Hardware TIN: 12120335108	Q2	28/10/2016	More than 100 days	10000	2016-17
		Q3	28/01/2017		10000	
		Q4	28/04/2017		10000	
		Q1	28/07/2017		10000	2017-18
3.	M/s Mungrey Enterprise TIN: 12120327125	Q1	28/07/2017	More than 100 days	10000	2017-18
4.	M/s Agro Clinic and Agro Business Centre TIN: 12120336118	Q2	28/10/2016	More than 100 days	10000	2016-17
		Q3	28/01/2017		10000	
		Q4	28/04/2017		10000	
		Q1	28/07/2017		10000	2017-18
5.	M/s W/L Enterprise TIN: 12120325105	Q2	28/10/2016	More than 100 days	10000	2016-17
		Q3	28/01/2017		10000	
		Q4	28/04/2017		10000	
		Q1	28/07/2017		10000	2017-18
6.	M/s S.K. Enterprises TIN: 12120334195	Q2	28/10/2016	More than 100 days	10000	2016-17
		Q3	28/01/2017		10000	
		Q4	28/04/2017		10000	
		Q1	28/07/2017		10000	2017-18
7.	M/s Tongko and Sons Traders TIN: 12020324192	Q1	28/07/2016	More than 100 days	10000	2016-17
		Q2	28/10/2016		10000	
		Q3	28/01/2017		10000	
		Q4	28/04/2017		10000	
		Q1	28/07/2017		10000	2017-18
8.	M/s Ganlin Enterprise TIN: 12120329145	Q1	28/07/2016	More than 100 days	10000	2016-17
		Q2	28/10/2016		10000	
		Q3	28/01/2017		10000	
		Q4	28/04/2017		10000	
		Q1	28/07/2017		10000	2017-18
9.	M/s Hakhun Trade & Agency TIN: 12120326115	Q1	28/07/2016	More than 100 days	10000	2016-17
		Q2	28/10/2016		10000	
		Q3	28/01/2017		10000	
		Q4	28/04/2017		10000	
		Q1	28/07/2017		10000	2017-18
10.	M/s Tama Enterprise TIN: 12120337128	Q2	28/10/2016	More than 100 days	10000	2016-17
		Q3	28/01/2017		10000	
		Q4	28/04/2017		10000	
		Q1	28/07/2017		10000	2017-18

Sl. No.	Name of the Firm	Tax period	Due date of return	Delay in submitting returns (Upto 15 January 2020)	Late fee	year
11.	M/s Patkai Hills Trader TIN: 12120303176	Q1	28/07/2017	More than 100 days	10000	2017-18
12.	M/s Jongsam Hardwares, Miao TIN: 12120315102	Q1	28/07/2017	More than 100 days	10000	2017-18
13.	M/s Jugli Coke Industry TIN: 12120304186	Q1	28/07/2017	More than 100 days	10000	2017-18
14.	M/s Taiju Stone Crusher TIN: 12120302166	Q1	28/07/2017	More than 100 days	10000	2017-18
15.	M/s H.L. Enterprise TIN: 12120307119	Q1	28/07/2017	More than 100 days	10000	2017-18
16.	M/s Nyacha Enterprise TIN: 12120312169	Q1	28/07/2017	More than 100 days	10000	2017-18
17.	M/s Planet Comms TIN: 12120309139	Q1	28/07/2017	More than 100 days	10000	2017-18
18.	M/s Changlang Trading Agency TIN: 12120197183	Q1	28/07/2017	More than 100 days	10000	2017-18
19.	M/s Longran Stone Crusher TIN: 12120311159	Q1	28/07/2017	More than 100 days	10000	2017-18
<b>Total</b>					<b>510000</b>	--

Source: Departmental records

**Appendix 5.4 B**  
**Details of non-filing of monthly VAT Returns (FF-01)**

(Reference: Paragraph-5.7; Page-138)

(Amount in ₹)

Sl. No.	Name of the Firm (TIN)	Tax period	Due date of return	Delay in submitting returns (Upto 15/01/2020)	Late fee	year
1.	M/s Kherem Tea Company (TIN: 121202261)	M11	28/03/2017	More than 100 days	10000	2016-17
		M12	28/04/2017		10000	
		M1	28/05/2017		10000	2017-18
		M2	28/06/2017		10000	
		M3	28/07/2017		10000	
2.	M/s Geo Enpro Petroleum Ltd (TIN: 12120024102)	M4	28/08/2017	More than 100 days	10000	2017-18
		M5	28/09/2017		10000	
		M6	28/10/2017		10000	
		M7	28/11/2017		10000	
		M8	28/12/2017		10000	
		M9	28/01/2018		10000	
		M10	28/02/2018		10000	2018-19
		M11	28/03/2018		10000	
		M12	28/04/2018		10000	
		M1	28/05/2018		10000	
		M2	28/06/2018		10000	
		M3	28/07/2018		10000	
		M4	28/08/2018	10000		
		M5	28/09/2018	10000		
		M6	28/10/2018	10000		
		M7	28/11/2018	10000		
		M8	28/12/2018	10000		
		M9	28/01/2019	10000	2019-20	
		M10	28/02/2019	10000		
		M11	28/03/2019	10000		
		M12	28/04/2019	10000		
		M1	28/05/2019	10000		
		M2	28/06/2019	10000		
		M3	28/07/2019	10000		
		M4	28/08/2019	10000		
		M5	28/09/2019	10000		
		M6	28/10/2019	80 days	8000	
		M7	28/11/2019	49 days	4900	
M8	28/12/2019	19 days	1900			
3.	M/s Tikhak Auto Agency (TIN: 12120002274)	M10	28/02/2019	More than 100 days	10000	2018-19
		M11	28/03/2019		10000	
		M12	28/04/2019		10000	
		M1	28/05/2019		10000	2019-20
		M2	28/06/2019		10000	
		M3	28/07/2019		10000	
		M4	28/08/2019		10000	
		M5	28/09/2019		10000	
		M6	28/10/2019	More than 80 days	8000	
		M7	28/11/2019	More than 49 days	4900	
M8	28/12/2019	More than 19 days	1900			

Sl. No.	Name of the Firm (TIN)	Tax period	Due date of return	Delay in submitting returns (Upto 15/01/2020)	Late fee	year	
4.	M/s Namchic Tea Estate Pvt Ltd (TIN: 12120095133)	M3	28/07/2017	More than 100 days	10000	2017-18	
5.	M/s Arunachal Auto Agency (TIN: 12120003284)	M10	28/02/2019	More than 100 days	10000	2018-19	
		M11	28/03/2019		10000		
		M12	28/04/2019		10000		
		M1	28/05/2019		10000		
		M2	28/06/2019	More than 100 days	10000	2019-20	
		M3	28/07/2019		10000		
		M4	28/08/2019		10000		
		M5	28/09/2019		10000		
		M6	28/10/2019	80 days	8000		
		M7	28/11/2019	49 days	4900		
M8	28/12/2019	19 days	1900				
6.	M/s South Bank IMFL Distributers (TIN: 12120099173)	M1	28/05/2017	More than 100 days	10000		2017-18
		M2	28/06/2017		10000		
		M3	28/07/2017		10000		
		M4	28/08/2017		10000		
		M5	28/09/2017		10000		
		M6	28/10/2017		10000		
		M7	28/11/2017		10000		
		M8	28/12/2017		10000		
		M9	28/01/2018		10000		
		M10	28/02/2018		10000		
		M11	28/03/2018		10000		
		M12	28/04/2018		10000		
		M1	28/05/2018		10000	2018-19	
		M2	28/06/2018		10000		
		M3	28/07/2018		10000		
		M4	28/08/2018		10000		
		M5	28/09/2018		10000		
		M6	28/10/2018		10000		
		M7	28/11/2018		10000		
		M8	28/12/2018		10000		
		M9	28/01/2019		10000		
		M10	28/02/2019		10000		
		M11	28/03/2019		10000		
		M12	28/04/2019		10000		
		M1	28/05/2019		10000	2019-20	
		M2	28/06/2019		10000		
		M3	28/07/2019		10000		
		M4	28/08/2019		10000		
		M5	28/09/2019		10000		
		M6	28/10/2019		80 days		8000
M7	28/11/2019	49 days	4900				
M8	28/12/2019	19 days	1900				
7.	M/s Oil India Limited (TIN: 12120034105)	M6	28/10/2018	More than 100 days	10000	2018-19	
		M10	28/02/2019		10000		
		M12	28/04/2019		10000		

Sl. No.	Name of the Firm (TIN)	Tax period	Due date of return	Delay in submitting returns (Upto 15/01/2020)	Late fee	year
8.	M/s Superior Distributors (TIN: 12120319142)	M8	28/12/2017	More than 100 days	10000	2017-18
		M9	28/01/2018		10000	
		M10	28/02/2018		10000	
		M11	28/03/2018		10000	
		M12	28/04/2018		10000	
		M1	28/05/2018		10000	
		M2	28/06/2018		10000	2018-19
		M3	28/07/2018		10000	
		M4	28/08/2018		10000	
		M5	28/09/2018		10000	
		M6	28/10/2018		10000	
		M7	28/11/2018		10000	
		M8	28/12/2018	10000	2019-20	
		M9	28/01/2019	10000		
		M10	28/02/2019	10000		
		M11	28/03/2019	10000		
		M12	28/04/2019	10000		
		M1	28/05/2019	10000		
		M2	28/06/2019	10000		
		M3	28/07/2019	10000		
M4	28/08/2019	10000				
M5	28/09/2019	10000				
M6	28/10/2019	80 days	8000			
M7	28/11/2019	49 days	4900			
M8	28/12/2019	19 days	1900			
9.	M/s Hornbill Beer Bonded Warehouse (TIN: 12120084120)	M8	28/12/2017	More than 100 days	10000	2017-18
		M9	28/01/2018		10000	
		M10	28/02/2018		10000	
		M11	28/03/2018		10000	
		M12	28/04/2018		10000	
		M1	28/05/2018		10000	
		M2	28/06/2018		10000	2018-19
		M3	28/07/2018		10000	
		M4	28/08/2018		10000	
		M5	28/09/2018		10000	
		M6	28/10/2018		10000	
		M7	28/11/2018		10000	
		M8	28/12/2018	10000	2019-20	
		M9	28/01/2019	10000		
		M10	28/02/2019	10000		
		M11	28/03/2019	10000		
		M12	28/04/2019	10000		
		M1	28/05/2019	10000		
		M2	28/06/2019	10000		
		M3	28/07/2019	10000		
M4	28/08/2019	10000				
M5	28/09/2019	10000				
M6	28/10/2019	80 days	8000			
M7	28/11/2019	49 days	4900			
M8	28/12/2019	19 days	1900			

Sl. No.	Name of the Firm (TIN)	Tax period	Due date of return	Delay in submitting returns (Upto 15/01/2020)	Late fee	year
10.	M/s Kamren Tea Industries (TIN: 12120317122)	M2	28/06/2016	More than 100 days	10000	2016-17
		M3	28/07/2016		10000	
		M4	28/08/2016		10000	
		M5	28/09/2016		10000	
		M6	28/10/2016		10000	
		M7	28/11/2016		10000	
		M8	28/12/2016		10000	
		M9	28/01/2017		10000	
		M10	28/02/2017		10000	
		M11	28/03/2017		10000	
		M12	28/04/2017		10000	
		M1	28/05/2017		10000	
		M2	28/06/2017		10000	
		M3	28/07/2017		10000	
		<b>Total</b>				

Source: Departmental records

**Appendix 5.5**  
**Details of loss of revenue due to non-realisation of hologram fee**  
*(Reference: Paragraph-5.8; Page-139)*

Sl. No.	Name of Bonded Warehouse/ Bottler/ Distillery (License No)	Registration/ Renewal fee of hologram (in ₹)	Date of Government Notification of hologram/ Date of registration of firm (whichever is later)	Period of loss <sup>1</sup> (in years)	Loss of revenue (in ₹)
1.	M/s Three Star Bonded Warehouse (Ex-435/96 dtd. 10/01/1996)	100000	13/08/2009	10	1000000
2.	M/s Alcobev Enterprise (EX-169/95/dtd. 04/07/1995)	100000	13/08/2009	10	1000000
3.	M/s Majestic Bonded Warehouse (EX-324/09/BWH dtd. 03/07/2009)	100000	13/08/2009	10	1000000
4.	M/s Mega Star Bonded Warehouse (EX-25/16-17/BWH dtd.12/07/2017)	100000	12/07/2017	2	200000
5.	M/s Siang IMFL Bonded Warehouse (EX-220/2014-15/BBWH dtd.26/10/2016)	100000	26/10/2016	3	300000
6.	M/s Yumlam Brothers (EX-03/2017-18/BWH dtd. 24/05/2018)	100000	24/05/2018	2	200000
7.	M/s Shiva Enterprises (Ex-239/07/BWH dtd. 10/08/2008)	100000	13/08/2009	10	1000000
8.	M/s Leo Enterprises (Ex-468/2010/BBWH dtd. 05/03/2010)	100000	05/03/2010	10	1000000
9.	M/s United Spirits Ltd. C/o MTM Wine & Bottler Pvt. Ltd. (Ex-136/2000/BTL dtd. 29/5/2007)	100000	13/08/2009	10	1000000
10.	M/s Arunachal IMFL Bonded Warehouse (EX-573/2010/BWH dtd. 20/9/2011)	100000	20/09/2011	8	800000
11.	M/s Classic Bonded Warehouse (EX-508/95 dtd. 19/12/1995)	100000	13/08/2009	10	1000000
12.	M/s South Bank IMFL Distributors (Ex-291/95 dtd. 06/12/1995)	100000	13/08/2009	10	1000000
13.	M/s Mokham Bonded Warehouse (Ex-25/2004/BWH dtd 09/07/2004)	100000	13/08/2009	10	1000000
14.	M/s Lekang Bonded Warehouse (Ex-377/09/BWH dtd. 03/11/2009)	100000	03/11/2009	10	1000000
15.	M/s Premium Bonded Warehouse (EX-27/2011/BWH dtd. 12/08/2011)	100000	12/08/2011	8	800000
16.	M/s Dynasty Distributors (EX-245/07/BBWH dtd. 06/12/2007)	100000	13/08/2009	10	1000000
17.	M/s Khom Yu Enterprise (EX-441/2013-14/BWH dtd. 17/10/2014)	100000	17/10/2014	5	500000
18.	M/s Mein Bonded Warehouse (EX-170/2014-15/BWH dtd. 13/02/2015)	100000	13/02/2015	5	500000

<sup>1</sup> Since date of Government Notification of hologram/ date of registration of firm (whichever is later) to 31 March 2019

Sl. No.	Name of Bonded Warehouse/ Bottler/ Distillery (License No)	Registration/ Renewal fee of hologram (in ₹)	Date of Government Notification of hologram/ Date of registration of firm (whichever is later)	Period of loss <sup>1</sup> (in years)	Loss of revenue (in ₹)
19.	M/s North East Liquor (EX-224/2014-15/BWH dtd. 17/03/2015)	100000	17/03/2015	5	500000
20.	M/s East Arunachal IMFL Bonded Warehouse (EX-200/2014-15/BWH dtd. 21/04/2015)	100000	21/04/2015	5	500000
21.	M/s Superior Distributors (EX-414/2013-14/BWH dtd 28/04/2015)	100000	28/04/2015	5	500000
22.	M/s Progressive Beer Bonded Warehouse (EX-627/2003/BBWH dtd. 03/12/2009)	100000	03/12/2009	10	1000000
23.	M/s Exclusive Beer Bonded Warehouse (EX-05/00/BBWH dtd. 09/03/2000)	100000	13/08/2009	10	1000000
24.	M/s Fine Beer Bonded Warehouse (Ex-239/07/BWH dtd. 30/07/2009)	100000	13/08/2009	10	1000000
25.	M/s Subham Beer Bonded Warehouse (EX-142/06/BBWH dtd. 30/05/2007)	100000	13/08/2009	10	1000000
26.	M/s Arunachal Beer Bonded Warehouse (EX-325/2009/BBWH dtd. 23/08/2009)	100000	23/08/2009	10	1000000
27.	M/s Belina Beer Bonded Warehouse (EX-370/2009/BWH dtd. 17/08/2009)	100000	17/08/2009	10	1000000
28.	M/s Hornbill Beer Bonded Warehouse (EX-58/04/BBWH dtd. 07/05/2005)	100000	13/08/2009	10	1000000
29.	M/s East Arunachal Beer Bonded Warehouse (EX-20/2011/BBWH dtd. 21/07/2011)	100000	21/07/2011	8	800000
30.	M/s Lohit Enterprise Beer Bonded Warehouse (EX-384/2009/BWH dtd. 30/11/2009)	100000	30/11/2009	10	1000000
31.	M/s Central Beer Bonded Warehouse (Ex-312/2012-13/BBWH dtd. 18/03/2013)	100000	18/03/2013	7	700000
32.	M/s Far East Bonded Warehouse (EX-305/2012-13/BBWH dtd. 19/03/2013)	100000	19/03/2013	7	700000
33.	M/s G.F. Beer Bonded Warehouse (EX-187/2014-15/BBWH dtd. 08/01/2015)	100000	08/01/2015	5	500000
34.	M/s North East Beer Bonded Warehouse (EX-182/2014-15/BBWH dtd. 23/01/2015)	100000	23/01/2015	5	500000
35.	M/s D.B. Beer Bonded Warehouse (EX-84/2017-18/BBWH dtd. 02/11/2017)	100000	02/11/2017	2	200000

Sl. No.	Name of Bonded Warehouse/ Bottler/ Distillery (License No)	Registration/ Renewal fee of hologram (in ₹)	Date of Government Notification of hologram/ Date of registration of firm (whichever is later)	Period of loss <sup>1</sup> (in years)	Loss of revenue (in ₹)
36.	M/s Abotani Beer Bonded Warehouse (EX-476/2013-14/BBWH dtd. 04/03/2014)	100000	04/03/2014	6	600000
37.	M/s Patkai Beverages (EX-17/2016- 17/BBWH dtd. 26/12/2017)	100000	26/12/2017	2	200000
38.	M/s Frontier Distillery Pvt. Ltd (Ex- 108/99/BTL dtd. 04/06/2001)	100000	13/08/2009	10	1000000
39.	M/s United Brothers Distilleries Pvt. Ltd. (EX-161/2001/BTL dtd. 06/02/2003)	100000	13/08/2009	10	1000000
40.	M/s MTM Wines & Bottlers Pvt. Ltd., Tippi (EX-136/2000/BTL dtd. 20/11/2002)	100000	13/08/2009	10	1000000
<b>Total</b>					<b>3100000</b>

Source: Departmental records

**Appendix 6.1**

**Summarised financial position and working results of SPSUs (all Government companies) as per their latest finalised financial statements/ accounts as on 30 September 2020**

(Reference: Paragraph-6.1.8.2 & 6.1.9; Page-147 & 148)

(Figures in columns (5) to (12) are ₹ in crore)

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit (+)/ loss(-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments	Capital employed <sup>2</sup>	Return on capital employed <sup>3</sup>	Percentage of return on capital employed	Manpower
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>A. WORKING GOVERNMENT COMPANIES</b>													
<b>FINANCE</b>													
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	2017-18	2019-20	4.15	25.24	(-) 20.42	10.24	*	-	8.97	-	-	24
	<b>Total of the Sector</b>			<b>4.15</b>	<b>25.24</b>	<b>(-) 20.42</b>	<b>10.24</b>	<b>*</b>	<b>-</b>	<b>8.97</b>	<b>-</b>	<b>-</b>	<b>24</b>
<b>MISCELLANEOUS</b>													
2.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	1999-00	2014-15	2.13	-	(-) 1.81	-	(-) 0.28	-	0.32	(-) 0.28	(-) 87.50	50
	<b>Total of the Sector</b>			<b>2.13</b>	<b>-</b>	<b>(-) 1.81</b>	<b>-</b>	<b>(-) 0.28</b>	<b>-</b>	<b>0.32</b>	<b>(-) 0.28</b>	<b>(-) 87.50</b>	<b>50</b>
<b>AGRICULTURE AND ALLIED</b>													
3.	Arunachal Pradesh Forest Corporation Limited	2005-06	2014-15	4.50	4.80	(-) 4.58	8.97	3.54	-	4.72	4.30	91.10	57
	<b>Total of the Sector</b>			<b>4.50</b>	<b>4.80</b>	<b>(-) 4.58</b>	<b>8.97</b>	<b>3.54</b>	<b>-</b>	<b>4.72</b>	<b>4.30</b>	<b>91.10</b>	<b>57</b>
<b>INFRASTRUCTURE</b>													
4.	Arunachal Police Housing and Welfare Corporation Limited	2017-18	2018-19	0.02	-	35.11	3.82	2.10	-	35.13	2.10	5.98	32

<sup>2</sup> Capital employed represents Shareholders fund and long term borrowings.

<sup>3</sup> For calculating return on capital employed, interest on borrowed fund is added back to net profit/ loss as disclosed in the Profit and Loss Account.

\* Negligible profit (₹12,371)

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit (+)/ loss(-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments	Capital employed <sup>2</sup>	Return on capital employed <sup>3</sup>	Percentage of return on capital employed	Manpower					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)					
<b>POWER</b>																		
<b>Total of the Sector</b>																		
5.	Hydro Power Development Corporation of Arunachal Pradesh Limited	2012-13	2017-18	5.00	-	1.50	1.21	0.43	-	6.50	0.43	6.62	67					
<b>Total of the Sector</b>																		
<b>SERVICE</b>																		
6.	Arunachal Pradesh Donyi Polo Hotel Corporation Limited	2018-19	2019-20	0.99	-	(-) 2.29	2.37	(-) 2.21	-	(-) 1.30	(-) 2.21	(-) 170.00	18					
<b>Total of A</b>																		
<b>B. NON-WORKING GOVERNMENT COMPANIES</b>																		
<b>MANUFACTURING</b>																		
7.	Parasuram Cement Limited	2008-09	2013-14	0.24	1.46	(-) 2.66	-	-	-	(-) 0.96	-	-	-					
<b>Total of the Sector</b>																		
<b>Total of B</b>																		
<b>Grand Total (A+B)</b>																		
											4.85	26.61	3.58	-	53.38	4.34	8.13	248

Source: Information furnished by SPSUs

## Appendix 6.2 Statement showing rate of Real Return on Government Investment

(Reference: Paragraph-6.1.9; Page-148)

(Figures under column B to I and K to M in ₹ crore)

Financial Year	A	B	C	D	E	F	G	H	I	J	K	L	M
		Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Net interest free loan given by the State Government during the year	Interest free loan converted into equity during the year	Grants/subsidies given by the State Government for operational and administrative expenditure	Disinvestment by the State Government during the year at face value	Total investment during the year (C+D+E+F-G)	Total investment at the end of the year (B+H)	Average rate of interest (per cent)	Present value of total investment at the end of the year {Ix(1+J/100)}	Minimum expected return to recover cost of funds for the year (LxJ/100)	Total earnings/profit after tax (PAT*) for the year
Upto 1999-2000		8.42	0.18	0.39	-	0.35	-	0.92	9.34	12.45	10.50	1.16	7.35
2000-01		10.50	0.37	-	-	-	-	0.37	10.87	12.23	12.20	1.33	4.42
2001-02		12.20	0.17	-	-	-	-	0.17	12.37	11.52	13.80	1.43	2.66
2002-03		13.80	0.05	-	-	-	-	0.05	13.85	10.94	15.36	1.51	-0.39
2003-04		15.36	-	-	-	-	-	-	15.36	9.50	16.82	1.46	-0.39
2004-05		16.82	0.05	0.15	-	-	-	0.20	17.02	9.30	18.61	1.58	-6.40
2005-06		18.61	0.12	-	-	1.45	-	1.57	20.18	9.13	22.02	1.84	-5.03
2006-07		22.02	0.10	-	-	1.53	-	1.63	23.65	8.99	25.77	2.13	-4.04
2007-08		25.77	0.03	-	-	0.73	-	0.76	26.53	8.82	28.87	2.34	-4.93
2008-09		28.87	5.00	-	-	-	-	5.00	33.87	8.67	36.81	2.94	2.80
2009-10		36.81	2.50	-	-	-	-	2.50	39.31	8.50	42.65	3.34	-2.56
2010-11		42.65	-	-	-	-	-	-	42.65	8.29	46.19	3.54	-3.82
2011-12		46.19	2.50	-	-	-	-	2.50	48.69	8.09	52.63	3.94	-6.04
2012-13		52.63	-	-	-	7.46	-	7.46	60.09	7.83	64.79	4.70	-5.59
2013-14		64.79	-	-	-	0.70	-	0.70	65.49	8.09	70.79	5.30	7.60
2014-15		70.79	-	-	-	-	-	-	70.79	8.02	76.47	5.68	6.64
2015-16		76.47	-	-	-	-	-	-	76.47	8.35	82.85	6.38	6.68
2016-17		82.85	-	-	-	1.24	-	1.24	84.09	8.52	91.26	7.16	6.52
2017-18		91.26	-	-	-	5.55	-	5.55	96.81	8.30	104.84	8.03	7.53
2018-19		104.84	-	-	-	9.88	-	9.88	114.72	8.54	124.52	9.80	6.56
2019-20		114.72	-	-	-	-	-	-	114.72	8.54	124.52	9.80	3.58
<b>Total</b>			<b>11.07</b>	<b>0.54</b>		<b>28.89</b>		<b>40.50</b>					

\* PAT represents 'profit after tax' of PSUs as per their latest finalised accounts as on 30 September of respective year.

Year	A	B	C	D	E	F	G	H	I	J	K	L	M
	Total earnings (PAT*)	Total Investment by the State Government as per total of column H above (₹ in crore)	Return on State Government Investment based on historical value (per cent)	Present value of State Government investment at the end of 2019-20 as per column K above (₹ in crore)	Rate of Real return on State Government investment considering the present value of investments (per cent)								
			C (A/B)x100	D	E/(A/D)x100								
2019-20	3.58	40.50	8.84	124.52	2.88								

**Appendix 7.1**  
**Statement showing details of Explanatory Notes on Paragraphs of Audit Report**  
**pending as of March 2021**

(Reference: Paragraph 7.1; Page-151)

Year of Audit Report	Date of placement before the State Legislature	Paragraph number for which <i>suo moto</i> explanatory notes are awaited	Department
2008-09	03 September 2010	1.1	Horticulture
		1.2	Planning
		2.1	Industries
		2.3, 2.4	Agriculture
		4.3	State Excise
		5.7	Geology and Mining
		4.7, 4.8	Land Management
		4.9, 4.10	State Lottery
		4.20, 4.21, 4.22, 5.2	Transport
		5.4, 5.5	Power
		5.8	Forest.
2009-10	24 March 2011	2.12	Rural Development
		2.4, 2.5, 2.9, 2.14	Public Works
		3.1	Public Eng.& Water Supply
		4.2, 4.4, 4.5	State Excise
		4.7	Geology & Mining
		4.10, 4.11	State Lottery
		5.2	Hydro Power Development
		5.3, 5.4	Power
2010-11	27 September 2012	1.1	Education
		2.5	Rural Works
		2.8	Science & Technology.
		2.10	Health & Family Welfare
		2.11	Education
		4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.6, 4.2.8, 4.2.9	Taxation
		4.2.13, 4.2.14	Transport
		4.2.16, 4.2.17, 4.2.18	State Excise
		4.2.19	Land Management
		5.2, 5.3, 5.4	Power
5.5	Finance		
2011-12	23 September 2013	1.2	Health & Family Welfare
		1.5	Social Welfare, Women & Child Development
		1.6	Education
		2.3	Tourism
		3.2	Secretariat General Administration
		3.3, 5.2.23	Land Management
		4.2, 4.3	Power
		4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18, 4.2.19, 4.2.20, 4.2.21, 4.2.22	State Excise
2012-13	26 September 2014	1.5	Education
		2.2	Public Works
		2.3	Science and Technology
		2.8	Horticulture
		3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9	Taxation
		4.2, 4.3	Hydro Power Department

Year of Audit Report	Date of placement before the State Legislature	Paragraph number for which <i>suo moto</i> explanatory notes are awaited	Department
2013-14	21 July 2015	1.3	Public Health Engineering & Water Supply
		1.4	Education
		1.5	Rural Development
		2.3, 2.4, 2.5, 2.6, 2.7	Public Works
		2.8, 2.9	Water Resources
		2.10	Horticulture
		3.2	Geology and Mining
		3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, 3.10	Taxation
		3.11, 3.12, 3.13, 3.14	State Excise
		4.2,4.3	Hydro Power Development
2014-15	10 March 2017	4.4	Power
		1.2	Industry Department
		1.3	Urban Development and Housing
		2.2	Tourism
		2.3,2.4,2.5	Rural works
		2.6,2.7,2.8,2.9,2.10,2.11	Public works
		2.12	Water Resources
		3.2	APPSC
		4.2,4.3,4.4,4.5,4.6	Taxation
		4.7,4.8	Transport
2015-16	14 October 2017	4.9,4.10	State Excise
		5.2	Power
		5.3	APID & FCL
		1.2, 1.4	Health
		1.6	Rural Development
		2.2	Water Resources
		2.3, 2.4, 2.5	Public Works
		3.2	General Administration
		3.3	District Administration
		4.4, 4.5, 4.6, 4.7, 4.8, 4.9	Taxation
2016-17	21 February 2019	4.11	State Excise
		5.2	State Transport
		5.3	APMDTCL
		2.3	Public Works Department
		2.2, 2.4	Water Resources Department
		2.5	Hydro Power Development
		2.6	Agriculture
		3.4	Planning
		4.2,4.3,4.4,4.5,4.6	Tax and Excise
2017-18	07 January 2020	4.7,4.8,4.9	Transport
		5.2	Home
		5.3	Arunachal Pradesh Forest Corporation
		2.1	Urban Development & Housing Department
		2.2, 2.3	PWD
		2.4	Horticulture Department
		2.5, 2.6	Power Department
		2.7	Agriculture Department
2.8, 2.9	Planning Department		
		2.10.1	Revenue Receipt
		2.10.2, 2.10.3, 2.10.4	Taxation Department
		2.10.5	State Excise Department

Year of Audit Report	Date of placement before the State Legislature	Paragraph number for which <i>suo moto</i> explanatory notes are awaited	Department
2018-19	27 August 2021	2.2	Sports and Youth Affairs
		2.3	Food & Civil Supplies
		2.4, 2.5	Public Health Engineering Department
		3.2, 3.3, 3.4, 3.5, 3.6, 3.10	Public Works Department
		3.7	Hydropower
		3.8	Power
		3.9	Rural Works Department
		4.2	Planning Department
		5.4.1, 5.4.2, 5.5, 5.6, 5.7	Tax and Excise
		5.8, 5.9, 5.10	Transport Department
		PA on Select District Hospital	Health and Family Welfare
<b>Total</b>		<b>210</b>	

Source: Records furnished by the Department and State Legislature

**Appendix 7.2**  
**Details of outcomes of Public Accounts Committee meeting (PAC)**  
**held during 2019-20**

(Reference: Paragraph-7.1; Page-151)

Sl. No.	Date on PAC held	Department	Year of Audit Reports	No. of Para discussed	Dropped	Deferred
1.	23 September 2019	Water Resources Department	2008-09 to 2009-10	3	3	0
		Public Works Department	2008-09 to 2010-11 & 2012-13	13	11	2
2.	24 September 2019	Food & Civil Supply and Transport	2008-09 to 2012-13	3	1	2
		Power Department	2009-10	1	1	0
		Geology & Mining	2008-09, 2009-10, 2012-13	4	3	1
		Rural Works Department	2010-11 & 2011-12	9	9	0
		Animal Husbandry and Veterinary	2008-09	1	1	0
		Rural Development	2011-12 & 2012-13	2	2	0
3.	22 January 2020	District Administration	2015-16 & 2016-17	2	2	0
		Land Management	2015-16	1	1	0
		Women & Child Development	2016-17	9	9	0
		Agriculture	2011-12 & 2012-13	2	2	0
		Tax & Excise	2008-09 to 2010-11	22	22	0
4.	23 January 2020	Urban Development	2009-10, 2010-11	13	13	0
		Sports & Youth Affairs	2015-16	1	1	0
<b>Total</b>				<b>86</b>	<b>81</b>	<b>5</b>

Source: Information furnished by the State Legislature

### Appendix 7.3

#### Statement showing details of outstanding paras to be discussed in PAC/ CoPU as of March 2020

(Reference: Paragraph-7.1; Page-151)

Years of Audit Report	No. of DP	No. of PA/TA	Total No. of paras	No. DP Dropped	No. of PA/TA Dropped	Total No. of paras dropped	Paras deferred	Outstanding Paras
2008-09	37	4	41	18	2	20	1	21
2009-10	38	4	42	21	2	23	5	19
2010-11	34	3	37	8	3	11	2	26
2011-12	35	3	38	5	0	5	1	33
2012-13	23	3	26	9	1	10	2	16
2013-14	24	3	27	0	0	0	0	27
2014-15	22	3	25	0	0	0	0	25
2015-16	20	3	23	2	0	2	0	21
2016-17	21	1	22	2	1	3	0	19
2017-18	14	0	14	0	0	0	0	14
<b>Total</b>	<b>268</b>	<b>27</b>	<b>295</b>	<b>65</b>	<b>9</b>	<b>74</b>	<b>11</b>	<b>221</b>

Source: Quarterly MIS Report

**Appendix 7.4**  
**Status of outstanding Action Taken Notes (ATNs) on the recommendations of the**  
**Public Accounts Committee (PAC) as of March 2020**

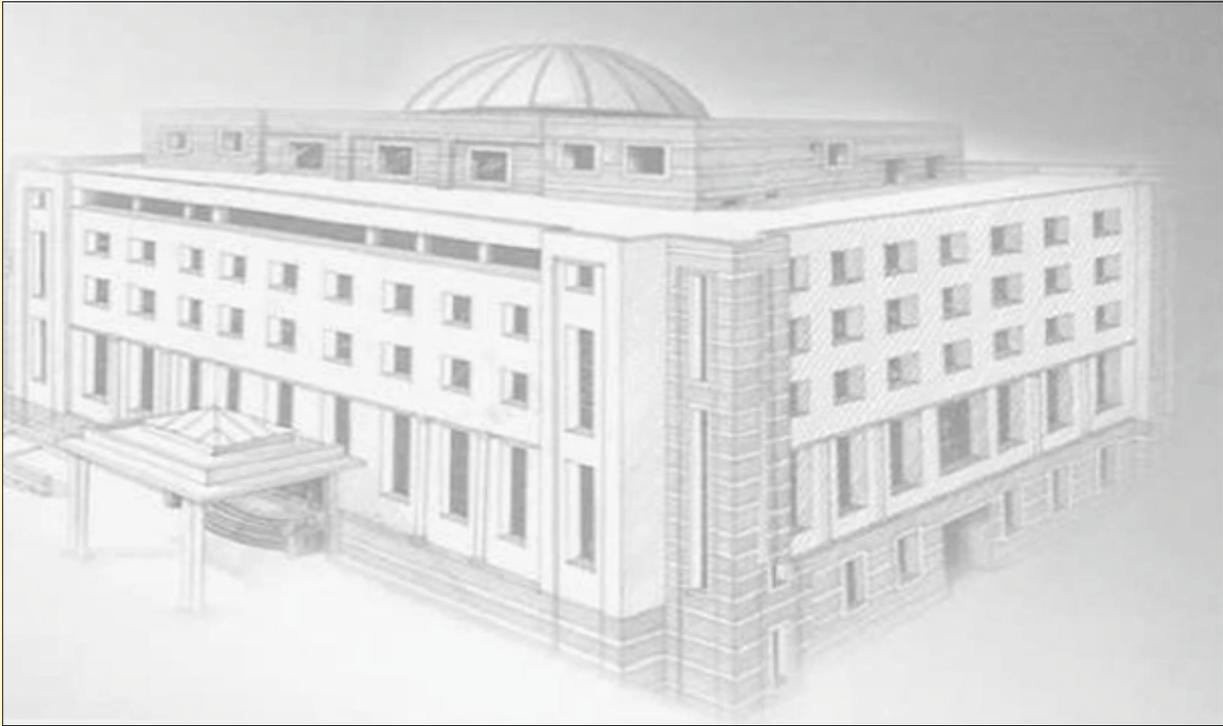
(Reference: Paragraph 7.1; Page-151)

Year of Report	Particulars of paragraph on which recommendation were made by the PAC but ATNs are awaited		PAC Report in which recommendations were made	Date of presentation of the Report of the PAC to the State Legislature
	Paragraph Number	Total Paragraphs		
1986-87	3.1, 3.2, 3.3, 3.7, 3.8, 3.9, 3.10, 3.11, 4.3, 5.2, 7.2 and 7.3	12	27 <sup>th</sup> , 36 <sup>th</sup> , 37 <sup>th</sup> , 40 <sup>th</sup> , 42 <sup>nd</sup> , 44 <sup>th</sup> and 49 <sup>th</sup> Report	08 September 1994, 27 September 1996, 10 November 1998, 24 March 2000, 21 September 2001, 03 March 2003
1987-88	3.1, 3.4, 3.5, 3.6, 3.7, 3.9 and 5.1	07	27 <sup>th</sup> , 36 <sup>th</sup> , 37 <sup>th</sup> , 40 <sup>th</sup> and 42 <sup>th</sup> Report	08 September 1994, 27 September 1996, 10 November 1998 and 24 <sup>th</sup> March 2000
1988-89	3.1,3.3,3.4,3.10,3.11,3.14,4.5,4.8,5.5 and 5.6	10	37 <sup>th</sup> , 38 <sup>th</sup> , 40 <sup>th</sup> , 42 <sup>nd</sup> and 45 <sup>th</sup>	27 September 1996, 10 November 1998, 24 March 2000 and 03 March 2003
1989-90	5.2	01	44 <sup>th</sup> Report	21 September 2001
1990-91	3.4, 3.8, 3.9, 7.3 and 7.5	05	39 <sup>th</sup> , 44 <sup>th</sup> , 45 <sup>th</sup> and 48 <sup>th</sup>	06 March 1997, 21 <sup>st</sup> September 2001, 19 <sup>th</sup> March 2002 and 3 <sup>rd</sup> March 2003
1991-92	3.1 and 5(b), 3.4	03	39 <sup>th</sup> , 44 <sup>th</sup> , 45 <sup>th</sup> and 48 <sup>th</sup> 57 <sup>th</sup>	06 March 1997, 21 September 2001, 19 March 2002 03 March 2003 and 27 September 2012
1992-93	3.3, 3.4, 4.3, 4.4 and 5.1	05	39 <sup>th</sup> and 44 <sup>th</sup> Report	06 March 1997 and 21 September 2001
1993-94	4.6, 4.7 and 7.2	03	48 <sup>th</sup> Report	19 <sup>th</sup> March 2002
1994-95	3.3, 3.4, 3.5, 3.6, 4.3 and 4.10	06	45 <sup>th</sup> and 46 <sup>th</sup> Report	19 March 2002 and 03 March 2003
1995-96	3.2 to 3.6 and 3.11, 4.4, 3.7	08	46 <sup>th</sup> Report, 57 <sup>th</sup> Report 60 <sup>th</sup> Report	19 March 2002 and 27 September 2012
1996-97	3.13, 4.10 to 4.14 and 4.16, 3.1.8 4.3.6 (ii), 4.3.6 (iii), 4.3.7, 6.9	12	48 <sup>th</sup> Report, 57 <sup>th</sup> Report 60 <sup>th</sup> Report	19 March 2002 and 27 September 2012
1997-98	4.6, 5.1 and 5.4	03	48 <sup>th</sup> , 51 <sup>st</sup> Report	19 March 2002 and 21 March 2006
1998-99	3.6,3.4.8,4.3	03	51 <sup>st</sup> Report, 57 <sup>th</sup> Report	21 March 2006 and 27 September 2012
1999-00	3.9,	01	57 <sup>th</sup> Report	27 September 2012
2000-01	6.11	01	60 <sup>th</sup> Report	27 September 2012
2001-02	3.4 3.1.13, 3.1.14, 3.1.15, 3.1.16, 3.1.17 & 3.1.38 to 3.1.40	09	57 <sup>th</sup> Report 60 <sup>th</sup> Report	27 September 2012

Year of Report	Particulars of paragraph on which recommendation were made by the PAC but ATNs are awaited		PAC Report in which recommendations were made	Date of presentation of the Report of the PAC to the State Legislature
	Paragraph Number	Total Paragraphs		
2005-06	3.2.16.1	1	66 <sup>th</sup> Report	07 July 2015
2006-07	6.3, 6.4.1 & 6.4.2	3		
2009-10	2.10	1		
<b>Total</b>		<b>94</b>	<b>16</b>	<b>--</b>

*Source: Information furnished by the State Legislature*

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